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Salvador Rebels Say They Are Ready for Talks With Duarte

Compiled by Our Staff From Dispatches
SAN JOSE, Costa Rica — The political wing of the guerrilla movement fighting the U.S.-backed government of El Salvador has announced that the rebels are willing to enter into negotiations with President-elect José Napoleón Duarte.

Guillermo Ungo, speaking for the guerrillas, said Friday night that Costa Rica has agreed to help arrange an "open dialogue without preconditions" between the rebels and Mr. Duarte. Mr. Ungo, leader of the Democratic Revolutionary Front, a coalition of five insurgent groups, said that "we don't recognize the legitimacy" of the Salvadoran presidential election, but that Mr. Duarte "appears to be an O.K. spokesman."

"In the past there has been no valid spokesman for the Salvadoran government," he said.

Mr. Ungo said the Costa Rican president, Luis Alberto Monge, had agreed to help "facilitate dialogue" towards a negotiated settlement in El Salvador's civil war.

"We want to open the door to a solution to the conflict," Mr. Ungo said. "Our position is initiated without preconditions and without an agenda for dialogue."

The Democratic Revolutionary Front leadership, including Mr. Ungo, Eduardo Calles, the group's vice president, and Rubén Zamora, a member of its executive committee, met with President Monge earlier in the day. Mr. Duarte stopped in San José for a meeting with Mr. Monge before going on to United States last week where he made an appeal for additional U.S. military aid.

According to Mr. Ungo, Mr. Duarte told Mr. Monge that he "wants to hold dialogue with us." Mr. Ungo added, "President Monge repeated that he would be happy to help make this a reality."

The Costa Rican president was scheduled to leave Sunday for an 11-nation European tour, in which he hopes to win support for diplomatic efforts to end the conflicts in El Salvador and Nicaragua.

Mr. Ungo said there are ambiguities in Mr. Duarte's political statements, but added, "we do not want to prejudice him without letting him define his position."

"Mr. Duarte has already put down preconditions about dialogue," he said. "But we adopt an open attitude. Our proposals have been real."

Mr. Zamora warned that "fundamentally the U.S. is interested in Mr. Duarte because he can bring about public opinion and persuade Congress to continue sending military aid to El Salvador."

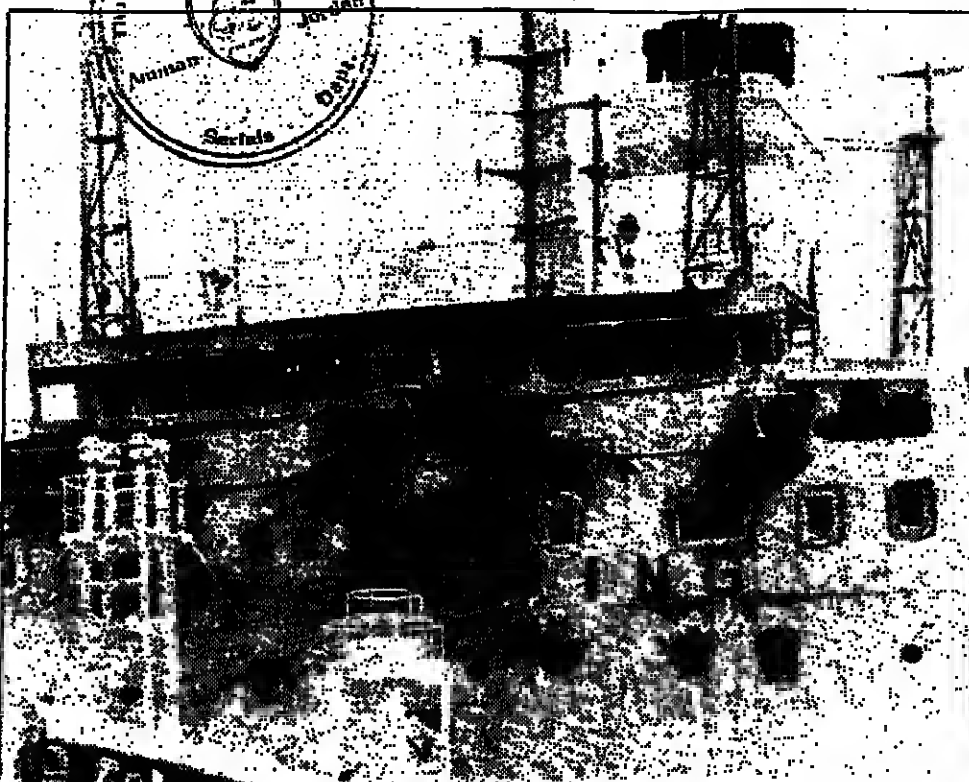
He added: "Everything depends on the political route that Duarte will take. Either he will bring in greater military intervention from the U.S. or he will bring about political solutions to the problems. If he chooses the first alternative then we will meet him on the battlefield. If the second, we will meet him at the negotiating table. The ball is in his court."

The leaders said the guerrilla military front, Farabundo Martí National Liberation Front, also supported a dialogue.

A communiqué was released at the press conference that said "although the rebels believe the Reagan administration, the oligarchy and the armed forces continue to hold control of the Salvadoran government, we hope for a positive response to seek the long-awaited negotiated solution to the four-year conflict in our country."

Mr. Zamora said both the political and military wings "must negotiate a political solution," adding, "We always try every effort towards this."

(NYT, UPI)



The Chemical Venture, a Liberian-registered tanker, anchored 72 miles off Bahrain, showed a hole beneath the bridge where an Iranian aircraft missile exploded on Thursday.

3 Israeli Soldiers Are Killed, 2 Injured As a Patrol in Lebanon Is Ambushed

Compiled by Our Staff From Dispatches
JERUSALEM — Guerrillas firing rocket-propelled grenades and automatic weapons ambushed an Israeli Army patrol in southern Lebanon on Sunday, killing three soldiers and wounding two.

The losses were the heaviest the Israelis have suffered in a single attack in southern Lebanon since they withdrew from the Chuf mountains above Beirut to a defense line along the Awali River eight months ago.

The Israeli Army launched a large-scale search in the area straddling a tense cease-fire line where Israelis and Syrians are positioned less than a mile (1.6 kilometers)

apart. An Israeli Army spokesman said soldiers were searching about six Lebanese villages, but he gave no further details.

The spokesman said the ambush took place south of Kamd el-Luz. Israeli radio said it occurred deep in the Bekaa Valley not far from "the international border with Syria."

The radio said the soldiers were traveling in two jeeps. It quoted Israeli military sources as saying they suspected that the attackers came from Syria and that they were probably being sheltered by local Lebanese villagers.

The incident followed a recent spate of guerrilla attacks discussed by the Israeli cabinet at its weekly session Sunday.

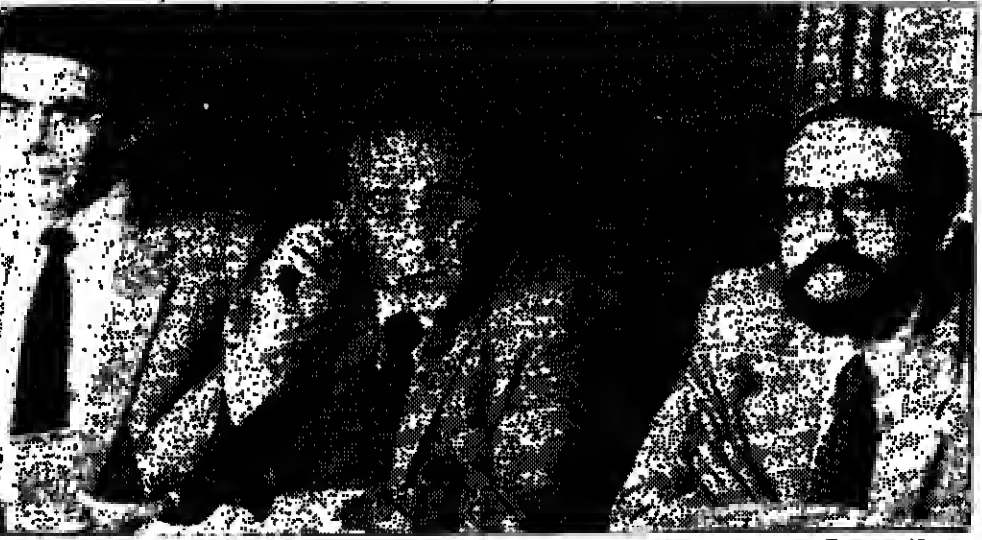
The cabinet said the situation in Lebanon was reviewed by the chief of staff, General Moshe Levi. It added that the discussion on the attacks "was held in the framework of the military defense committee." Such deliberation is secret.

Next week, Israel marks the second anniversary of its presence in Lebanon. Sunday's casualties bring the number of Israelis killed in the two years to 583, and the toll of wounded to 3,398.

The ambush came two days after Moshe Arens, the defense minister, vowed not to withdraw Israeli forces unless the local Lebanese cooperated in preventing attacks against Israelis.

"As long as there are attacks in Lebanon, we will not leave," Mr. Arens said Friday.

In Beirut, militia skirmishes escalated into a fierce two-hour battle Sunday along the Green Line dividing the Christian Eastern



Leaders of the Salvadoran Democratic Revolutionary Front, from left, Eduardo Calles, Guillermo Ungo and Rubén Zamora at a news conference in San José, Costa Rica.

Sakharov Case Shows Dissidents Are Still Feared

By Serge Schmemmann
New York Times Service
MOSCOW — The disclosure that Andrei D. Sakharov had launched a hunger strike in the isolated city of Gorki brought a swift and explosive reaction from the Soviet state. An article accusing Yelena G. Bonner, his wife, of plotting with the U.S. Embassy was published in every Soviet newspaper of note, and a personal attack on her was prominently displayed in Izvestia, the government newspaper.

The KGB security police charged Mrs. Bonner with anti-Soviet crimes, preventing her from returning to Moscow. The Sakharovs' friends and contacts in Moscow suddenly found themselves carefully watched and without tele-

phone service. Mr. Sakharov was spirited away, probably to a clinic.

Why such energy and fury? The reaction, it could be argued, only served to generate more sympathy and publicity for Mr. Sakharov, who won the 1975 Nobel Peace Prize. A KGB general had asserted as long ago as 1981 that the diss-

ident movement was essentially routed, and that what remained were separate groupings of religious believers, nationalists and other anti-socialist elements.

The primary explanation was the stature of Mr. Sakharov. A man who ranked at the pinnacle of the Soviet elite before he was stripped of his honors, he was twice a Hero

of Socialist Labor, an accolade that Konstantin U. Chernenko, the Soviet leader, has received only twice.

As late as 1976, when Mr. Sakharov had long been active as a dissident, the Great Soviet Encyclopedia still felt compelled to print his biography. And when the state cracked down in January 1981, when his punishment was special banishment to Gorki, a city closed to foreigners where he was to live under 24-hour police guard.

The reaction to his hunger strike probably reflected alarm that forces had been set loose that would cause repercussions abroad. The state scrambled to cut off sources of information and issued a barrage of accusations. But there were deeper dimensions to the reaction. The KGB general who had declared the dissidents crushed in

1981 also wrote about the need to maintain unwavering vigilance against what he called Western-backed subversion, a category including everything from Western pop music to Jews barred from emigrating.

That theme has often been repeated, most notably in a book by Nikolai Yakovlev, "CIA vs. U.S.S.R.," which viewed all manifestations of dissent as part of a CIA plot to undermine Soviet power. Mr. Sakharov and his wife featured prominently in the 1983 edition of the book. It was hardly surprising that at the first sign of action by Mr. Sakharov, the authorities portrayed his hunger strike in subversive colors. Mr. Sakharov seemed to have touched a live nerve, a fear that where the "city of the dead," the newspaper New Nation reported Sunday.

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Bangladesh Floods Continue
The Associated Press
DHAKA, Bangladesh — Floods have killed 300 in Bangladesh's hard-hit northeastern district of Moulvi Bazar, another 100 are missing and the town has become "a city of the dead," the newspaper New Nation reported Sunday.

U.S. to Send Air Tankers To Refuel Saudi Fighters

By Bernard Gwertzman
New York Times Service
WASHINGTON — The Reagan administration is planning to send two KC-135 aerial tankers with U.S. crews to Saudi Arabia to expand the range of Saudi fighter planes in the Gulf, according to a senior administration official.

He said Saturday night that the U.S. Air Force planes, which are used for in-flight refueling, would make it easier for Saudi Air Force's F-15 interceptors to conduct long-range patrols to defend against Iranian attacks on oil tankers near Saudi waters.

The official said the KC-135s would not be sold or given to Saudi Arabia but instead would be operated by the U.S. crews.

The U.S. Air Force already has several KC-135s based in Saudi Arabia to refuel Airborne Warning and Control System, or AWACS, reconnaissance planes, which also have U.S. crews. The AWACS planes give Saudi Arabia an expanded capacity for tracking aircraft.

Operation of the AWACS planes and the KC-135s and the busing of their crews and backup personnel are paid for by Saudi Arabia.

Administration officials insist that there are no plans for direct U.S. involvement in the conflict. The nearest U.S. combat aircraft are several hundred miles away in the northern Arabian Sea aboard the carrier Kitty Hawk, soon to be relieved by the America. This would temporarily give the United States at least two carriers south of the Gulf region.

If U.S. Air Force KC-135s are involved in refueling Saudi jets that might become involved in combat with Iranian aircraft, the possibility could not be ruled out that the Iranians might retaliate by attacking the U.S. planes. This would raise the question of who would provide protection for the U.S. planes.

The Pentagon has urged Saudi Arabia to provide U.S. forces with facilities so that if the conflict worsens and Saudi Arabia asks for direct U.S. involvement, the help could be given smoothly. The United States has told Saudi Arabia that a squadron of 24 U.S. F-15s

could be flown to Saudi Arabia in less than two days, administration officials said last week.

The administration announced last week that it was preparing to provide 200 shoulder-fired Stinger anti-aircraft missiles and 100 Stinger launchers to aid the Saudi air defense.

King Fahd of Saudi Arabia asked for 1,200 Stinger missiles last week because of the tension in the Gulf. The initial administration decision was to quickly send 200 missiles — all, apparently, that are in the U.S. reserve — and to seek congressional approval for sending the remaining 1,000, which would be shipped over a 29-month period.

In March, because of congressional opposition, the White House canceled plans to sell Saudi Arabia 1,200 missiles at the same time it canceled a sale of 1,633 Stingers to Jordan.

State Department officials said they did not expect any official announcement on the Stingers before Tuesday. The White House and the State Department were calling leading members of Congress to seek their consent ahead of time and thereby avoid another political dispute.

Officials said the Stingers sought by Saudi Arabia would be placed on patrol boats and at fixed positions like oil fields and desalination

Japan's Shipowners Curb Tanker Travel in the Gulf

Compiled by Our Staff From Dispatches
MANAMA, Bahrain — Japanese shipowners, Sweden's major oil tanker operator and a U.S.-based company have barred their tankers from the northern part of the Gulf.

The decisions Saturday and Sunday followed a missile attack Thursday that damaged the Chemical Venture, a Liberian-registered tanker that had been chartered by a Japanese shipping company. Iran was accused of the attack.

On Friday, Iraq claimed that it had destroyed eight ships in the Gulf, but the report has not been confirmed. No attacks were reported during the weekend.

A spokesman for the Japan Shipowners Association said Saturday it had temporarily barred ships from areas around Kharg Island, the site of the largest Iranian oil terminal, and around northern coastal parts of Kuwait and Saudi Arabia. The steps were taken under pressure from the chief Japanese seaman's union.

Sources in oil refining told Reuters that the stoppage would seriously affect Japanese crude oil imports from Kuwait, but that Japanese ships taking delivery at the Saudi oil terminals of Ras Tan-

nura, al-Jubail and al-Juaymah would not be affected.

In Kuwait, the minister of state for cabinet affairs, Abdel-Aziz Hussein, indicated that his country had been facing difficulties with oil exports after the recent attacks on shipping. But he said that Kuwait would, "with its special abilities and good connections, overcome the problems it is facing."

The Kuwait Petroleum Corp. played down the importance of Japan's decision. A company official said that the decision would hurt Japan rather than Kuwait, and that supplies to Scandinavia and elsewhere in northern Europe would not be affected.

On Sunday, the major Swedish tanker operator, Salen Tanker AB, said it was recalling its two tankers from the Gulf because of the dangers of the Iran-Iraq war.

The newspaper Svenska Dagbladet quoted a company official as saying that Salen had two vessels in the area and planned to withdraw both as soon as possible because the situation was too dangerous and because of big increases in insurance premiums.

Caltex Petroleum Corp., con-



Ferdinand E. Marcos
were too high. Mr. Marcos deplored what he termed the Communist insurgency's "heightened campaign of terrorism."

Two days earlier, Brigadier General Tomas Karingal, one of the highest-ranking officials in the police constabulary, was murdered by gunmen in a restaurant. The killers have not been found, but Mr. Marcos said the murder was attributable to "subversive and terrorist groups that definitely plan to undermine the government."

In the news conference, Mr. Marcos denied a report earlier this week that he intended to use his decree-making powers to appoint an additional 15 representatives to the National Assembly.

Marcos Says He Is Firm On His Power of Decree

By Steve Lohr
New York Times Service
MANILA — President Ferdinand E. Marcos says that he would resist efforts by the Philippine opposition parties to curb his law-making powers.

At a news conference at the presidential palace Saturday, Mr. Marcos said: "I consider the decree-making power a legitimate tool against terrorism and subversion." He added that without it, "You will have Communists going back and forth, causing the disastrous ruin of our country, the killing of people and the rape of women."

By issuing decrees, Mr. Marcos can bypass the legislature. Leaders of the opposition, which scored large gains in the National Assembly elections on May 14, say that if Mr. Marcos continues to exercise such powers after the old assembly retires on June 30, they will challenge their constitutionality before the Supreme Court.

Mr. Marcos also said publicly for the first time that he was disappointed with the outcome of the assembly election and conceded that the opposition had emerged with "impressive gains."

He predicted that when official vote-counting was completed in several days, the opposition will win 55 of the 183 contested seats. About five seats will be held by

independent candidates, while his ruling party will hold the rest, he said.

So far 143 candidates have been officially declared winners, with the ruling party getting 89 seats and Mr. Marcos's opponents taking 54.

Mr. Marcos admitted that the unexplained assassination in August of Benigno S. Aquino Jr., the opposition leader, helped his rivals in the election. But he said his party's main weakness was on "the gut issues" of shortages of vital consumer goods and rising prices.

As for the economy, Mr. Marcos insisted that it was the "perception of performance" that was lacking, not the economy's performance itself. The president's interpretation notwithstanding, the Philippines' economic troubles are real.

In 1983 the nation's per capita income, adjusted for inflation and stated in dollars, fell to \$600, from \$724 in 1982, according to the Center for Research and Communication, an independent research body. Unemployment is now estimated at 23 percent.

The 66-year-old president, looking fit, gave the strongest indication to date that he plans to run for re-election in 1987. "If the quality of aspirants does not improve, I will have to run," he said.

Though he said some estimates of recent killings in the Philippines

Juan Carlos Displays Skill on Political High Wire

By John Darnton
New York Times Service
MADRID — Franco would have been aghast. As they say in Spanish, he would have "turned to dust" at the sight of a Russian banquet with vodka glasses raised to peace and understanding; the Spanish head of state strolling past the paintings of El Greco, Velázquez and Murillo in the Hemisfaero; watching astronauts in training at the City of Cosmonauts; and laying a wreath to the heroes of the siege of Leningrad.

The recent visit of King Juan Carlos I and Queen Sofia to the Soviet Union, the first by a Spanish head of state, dramatized the remarkable fact that less than 10 years after the death of Franco, who binged his 36-year rule on a "crusade" against Communism, his chosen successor was able to tour the land of Communism incarnate.

Breaking new political ground is not unusual for Juan Carlos, the 7th reigning monarch of Spain. Since he came to the throne on Nov. 22, 1975, two days after Franco's death, the king has performed impressively on the high wire of Spanish politics.

He helped to engineer the transition to democracy, proceeding cautiously so that the "unthinkable" became fact in small doses. Almost single-handedly, he rescued democracy on Feb. 23, 1981, when he faced down a military coup and rallied reluctant army officers to the side of constitutional order.

In the process, he climbed first to respectability and then

to popularity. Today, he seems at 46 an indispensable godfather to Spanish democracy, a buffer between the civilians who govern and the military, a symbol of continuity to the right and of constitutional rule to the left.

If there is any criticism of the king, it is that he has made the country's new democracy too dependent upon his own person.

A seamstress in the suburb of Aravaca, Pilar Rojo, said: "When I think of what might have happened if we didn't have the king, and what could still happen if he weren't around, I'm filled with fear."

She added that "Franco never expected him to turn out like this. He must be weeping in his grave."

A teacher, Carmen Fidalgo, said: "He's converted everyone into monarchists, even the Communists. The Communists these days are the first to yell, 'Long live the king!'"

This is a far cry from the jokes Juan Carlos inspired as a prince in Franco's shadow. Regarding him as a playboy incapable of lasting more than a few years on the throne, his critics referred to him as "Juan Carlos el Breve," or "Juan Carlos the Brief."

It is perhaps symptomatic of current politics that many of the same jokes of impotence that were once applied to him are now aimed at more mundane political figures, like Manuel Fraga, the rightist opposition leader, and Fernando Morán, the Socialist foreign minister.

"The king is simply too much respected, too much loved, too elevated, for there to be any more jokes," a Spanish journalist said. "In Spain we use the jokes as a dagger, to

attack and belittle. The king is finally above politics. He's too king-like for any of that, except perhaps to a small segment of the military that can't forgive him for being a traitor to Franco's legacy."

Public criticism of the king, if it verges on outright insult, is a crime punishable by six to 12 years in prison. This alone does not account for the support Juan Carlos draws, but rather his personal popularity.

The only royal gaffe since the Socialists assumed power 17 months ago occurred during a trip to Brazil last year. Juan Carlos read a speech prepared by the Foreign Ministry, and it happened to include some paragraphs lifted verbatim from an already published article by Prime Minister Felipe González. The incident, because it seemed to make the crown subservient to the government, caused a minor scandal but was explained by the fact that the king does not have a full-time speechwriter.

Perhaps mindful of the strong streak of republicanism in Spain, which caused his grandfather, Alfonso XIII, to flee the country in 1931, Juan Carlos has cultivated the image of a populist monarchist. His staff is small. There is no royal court. The king refused to move into the traditional royal residence on a high bluff in Madrid, and instead lives in a less-imposing, red-brick mansion on the outskirts of town.

From there, Juan Carlos occasionally makes sorties on his motorcycle, to the distress of security guards. Several years ago a motorcyclist who ran out of gas and was thumping a lift on the highway was astounded to discover that the man

(Continued on Page 2, Col. 1)



King Juan Carlos of Spain saluting the Spanish Foreign Legion during a military parade in Valladolid Sunday. The parade was held to celebrate the Spanish armed forces day.

Failure to Invite Kohl To D-Day Ceremonies Is Criticized in France

By John Vinocur
New York Times Service

PARIS — The exclusion of Chancellor Helmut Kohl of West Germany from ceremonies commemorating the 40th anniversary of D-Day next month has come under criticism here.

Simone Veil, a former president of the European Parliament and a survivor of the Auschwitz concentration camp, said Friday that Mr. Kohl should have been asked to the events June 6 at the Normandy invasion beaches with the heads of state of four Allied powers.

Mrs. Veil, who leads the French conservative and moderate ticket for the European parliamentary elections June 17, said of Mr. Kohl's participation, "I think it's the Americans who oppose it. Their mentality hasn't evolved. Their myth is that Helmut Kohl should have been invited — that's the meaning of the European Community."

A position similar to that of Mrs. Veil was expressed last week by former President Valéry Giscard d'Estaing.

The question has become one of

embarrassment here after French and U.S. sources disclosed last week that Mr. Kohl, through intermediaries, had sought to be invited to ceremonies that will bring together Queen Elizabeth II, President Ronald Reagan, President François Mitterrand and Prime Minister Pierre Elliott Trudeau of Canada.

A U.S. official said that Mr. Kohl, who was 14 years old at the time of the invasion that led to the defeat of Hitler's Germany, appeared to think his presence at the ceremonies could demonstrate the reconciliation of West Germany and its former enemies. The U.S. official described the United States as not being opposed in principle to Mr. Kohl's participation, but relieved that the decision on the matter was one for France to make.

The embarrassment in France was compounded when a spokesman for Mr. Kohl denied last Monday that an invitation was sought. The next day, Le Monde, the leading French newspaper, contradicted the spokesman, saying that not only had efforts been made by the chancellor to attend the ceremonies, but that he had raised the



Simone Veil

question in a conversation with Prime Minister Margaret Thatcher of Britain.

The fact that Mr. Kohl did not receive an invitation, the newspaper said, was seen by some West Germans "as a depressing test of French-German reconciliation and friendship."

Mr. Kohl and Mr. Mitterrand will meet in Paris for two days starting Monday in a regularly scheduled meeting, principally to discuss European Community finances and the summit meeting of the seven leading industrial nations in London next month. It was thought possible that a face-saving gesture toward Mr. Kohl on the D-Day invitation might emerge from the talks.

West Urged To Act for Sakharov

His Stepdaughter Says Russia Awaits Gesture

New York Times Service

PARIS — The stepdaughter of Andrei D. Sakharov has urged Western countries to take "extraordinary measures" to win freedom for the dissident Soviet physicist and his wife, Yelena G. Bonner.

The stepdaughter, Tabana Yankelovich, said here Saturday that Moscow was waiting for some political gesture from the West in return for letting Mr. Sakharov and his wife live.

The Sakharovs were reported to have gone on a hunger strike early this month; their fate is unknown. Mrs. Yankelovich expressed uncertainty about what President François Mitterrand of France might do to help win freedom for the Sakharovs.

She met with Mr. Mitterrand last week and said later he denied reports that the Soviet Union had offered to allow Mr. Sakharov and his wife to go to the West if Mr. Mitterrand would call for a halt to deployment of Pershing-2 and cruise missiles in Western Europe.

Mrs. Yankelovich and her husband, Yelena, said they realized the West could not make offers to the Soviet Union that would affect the "strategic equilibrium" between East and West.

But Mr. Yankelovich said that one measure that could be taken would be for Mr. Mitterrand to link his expected visit to the Soviet Union next month to the Sakharov case.

His wife said she did not think it would be helpful to her parents if Mr. Mitterrand went to Moscow to plead their cause.

Dissidents Still Feared

(Continued from Page 1)

dissident Hydra's head was severed, new heads would grow. The society was not all that far-fetched. The human rights movement that sprang in the 1960s has been routed and splintered. But many elements that fed it remain alive: Lithuanian Catholics, Jews denied emigration, banished Crimean Tatars, ethnic Germans, Ukrainian and Estonian nationalists, fundamentalist Christians, Russian Orthodox activists and advocates of human rights.

An underground chronicle known as Bulletin B circulates with extraordinary regularity. Hardly a week passes without news of an arrest or conviction. The names may lack the international resonance of earlier activists such as Yuri F. Orlov, Anatoli B. Shcharansky or Mr. Sakharov, but the many arrests, exiles or imprisonments testify that the KGB did not eliminate the dissident movement's roots.

The targets of the last two years have included groups as disparate as administrators of the Solovkiy Fund, set up by the exiled novelist to assist families of political prisoners, and an unofficial anti-war movement in Moscow. Jewish emigration has been effectively choked off. In 1982, according to Bulletin B, there were 277 politically motivated arrests, 79 trials, 538 interrogations, 311 searches, 236 conversations with the KGB and 413 detentions.

Another telling development in the last year was the passage of amendments to laws that made it dangerous to receive material support from abroad and illegal to divulge workplace secrets, which were vaguely defined. Penal authorities were given the right to extend prison or labor camp terms for any infringement of regulations.

He asserted that gross national product per capita, life expectancy and infant mortality were the best measures of environmental health and safety. "It is instructive to note that all three of these measures have continued to record significant progress over the past decade as well as the last generation," he said.

Mr. Commomator, author of "The Closing Circle," said the profit motive was the chief enemy of the environment.

He said technology that enabled industries to increase profits also led to increasing contamination of soil and water from toxic chemicals in fertilizers, detergents, pesticides and other products.

NATO Order to Speed Pershing-2s to Bonn Said to Run Into Snags

By William Drozdiak
Washington Post Service

BONN — Leaders of the North Atlantic Treaty Organization decided last year to move up the deployment in West Germany of a second battery of nine U.S. Pershing-2 nuclear missiles this year from September to May to keep up steady pressure on the Soviet Union, according to U.S. and West German officials.

That accelerated schedule, however, has run into technical problems, according to officials in Washington.

"Missiles are going over piecemeal, one at a time," one Pentagon source said. He refused to give a date when the second battery would become operational.

"The political deadlines set for the missile have run into limitations set by production realities," one source in Washington familiar with the program told Walter Pincus of the Washington Post.

Overall, Pershing-2 missile production has slowed down so much that the Department of Energy reduced its 1985 budget for building the warheads by \$55 million, according to material presented to Congress earlier this month.

U.S. and West German officials have refused to comment, saying only that the missiles "are on schedule."

The deployment of the 108 missiles was to have taken three years, ending in late 1986. The slow pace had two purposes: to allow the program to be halted if an arms control agreement was reached with the Russians and to allow the 108 Pershing-2s to keep pace with the production and deployment of the 464 planned cruise missiles.

West Germany, U.S. sources said, wanted the Pershing-2s to go in as U.S. cruise missiles were deployed in the other NATO countries.

Under the original plan, the second round of Pershing-2s was to arrive in West Germany this fall, as additional ground-launched cruise missiles went into Britain and Italy.

Late last year, the Pershing deployment was accelerated, sources said, to reduce the gap between the arrival of the first missiles and the second round. The cruise missiles could not be speeded up because they needed extensive construction, sources said.

The Russians, however, with the help of satellite photography, are believed to have noted the recent additional Pershing shipments. Some NATO officials believe this prompted recent Soviet declarations that shorter-range SS-20 nuclear missiles were being moved into East Germany and that more

submarine-based missiles were being deployed close to the United States.

Last year the Soviet leadership said it would match NATO's missile deployments by moving more nuclear missiles into East Germany and Czechoslovakia and bringing submarine-based missiles within 10 minutes of U.S. targets, matching the time required for the Pershing-2 missiles to strike Soviet targets.

Allied officials said there is a "long lead time, perhaps several months," between the arrival of missile components and "fire-ready" status.

Prime Minister Bettino Craxi of Italy called last January and again recently for a moratorium to entice the Soviet Union back to the Geneva negotiations.

The proposal was criticized by other NATO partners, who reasoned that the Soviet Union was unlikely to accept it after insisting that it would resume nuclear arms negotiations only if all Pershing-2 and cruise missiles already deployed were removed.

NATO and West German officials said they have no evidence that the Soviet SS-20 missiles reportedly advanced into East Germany are now operational. They described the Soviet action as "a purely political gesture" since the SS-20s do not provide a significantly improved range or delivery speed against European targets than SS-20 missiles based in the western Soviet Union.

They also said the Soviet moves are part of a long-planned modernization of short and medium-range nuclear systems that would have proceeded regardless of Western missile deployments.

The first battery of nine Pershing-2 missiles were installed at the U.S. Army base in Müllingen, West Germany, in December, when Britain and Italy deployed 16 cruise missiles each.

West German and U.S. defense officials said that following initial confirmation of the "operational capability" of the first 41 missiles, an further announcements of NATO deployments would be made to avoid arousing public opposition to the weapons.

More Britons Oppose Cruise — A poll taken in Britain showed fewer than one in three people polled approved the stationing of U.S. cruise missiles in Britain, Reuters reported from London.

The poll, published in The Guardian newspaper Saturday, said 55 percent disapproved of the deployment, 31 percent approved and 14 percent had no opinion. A month ago 50 percent opposed the missiles, with 36 percent in favor.

WORLD BRIEFS

Britain Deports 4 Linked to Hit Squad

LONDON (AP) — Britain has deported four Arabs arrested under the Prevention of Terrorism Act and suspected of being members of a hit squad, the Home Office said Sunday.

According to The Sunday Times, the four, an Iranian, a Moroccan and two Algerians, were known supporters of the Iranian leader, Ayatollah Ruhollah Khomeini, and were believed to have been ordered to kill anti-Khomeini dissidents in London. It said police were tipped off about the squad by a high-ranking Iranian naval officer in London who has defected. He was identified as Colonel Vahab Zolagani.

A Home Office spokesman said, "The men were deported after the Home Secretary was satisfied that they were involved in preparing acts of terrorism and that their presence here was not conducive to the public good." The Home Office refused to comment on The Sunday Times report.

Japanese Protest U.S. Navy Missiles

YOKOSUKA, Japan (Reuters) — Thousands of Japanese demonstrated Sunday against the possible deployment of Tomahawk sea-launched cruise missiles on U.S. Navy ships based in Japan.

Police said more than 20,000 people took part in rallies and marches in the city of Yokosuka, near Tokyo, where the U.S. 7th Fleet is headquartered, and another 11,500 people took part in similar protests near U.S. Navy and Marine bases in other locations, including Sasebo in southern Japan.

In a speech at a rally in Yokosuka the secretary of the Japanese Communist Party, Tetsuzo Fawa, said deployment of the missiles on ships based in Japan would involve Tokyo in Washington's nuclear strategy.

Reagan Says 'Don't Panic' on Rates

WASHINGTON (AP) — President Ronald Reagan, trying to calm fears about rising interest rates, has told Americans not to "panic or be buffeted by the pessimists" who ignore signs that the economy is still improving.

In a radio address paid for by his re-election campaign committee, Mr. Reagan noted that the prime lending rate has climbed to 12.5 percent, helping push up home mortgage rates. "These increases must be laid to fear that inflation is coming back," he said. "Well, we're determined to see that it doesn't."

He said he did not like the increase in interest rates, "but we're not about to panic or be buffeted by the pessimists who ignore the great progress we've made during these last three and a half years."

Italian Inflation Decree Clears Hurdle

ROME (Reuters) — A controversial decree curbing automatic pay raises for 20 million workers cleared another obstacle Saturday when government supporters in the Senate defeated a Communist attempt to declare the measure unconstitutional.

The decree, the main weapon in a government campaign to reduce inflation from 12 to 10 percent this year, was passed by the Italian parliament's lower house on Wednesday and still needs ratification by the Senate to become law.

Finnish Communists Defy Moscow

HELSINKI (Combined Dispatches) — The Finnish Communist Party closed its 20th congress here Sunday after removing the hard-line left from its controlling committee in defiance of Moscow. On Saturday it removed Jouko Kajanoja as chairman and replaced him with Arvo Aalo, who had been criticized by the Kremlin.

Mr. Kajanoja, 41, had been given Moscow's blessing and recently received a personal message of support from President Konstantin U. Chernenko. But he has been criticized by the party's moderate majority as being too compliant with the wishes of the unwelcome hard-liners closer to Moscow.

A party congress voted 183-163 for a central committee list replacing Mr. Kajanoja with Mr. Aalo, 51, a former general secretary. Mr. Aalo has been criticized by Moscow for the alleged usurpation of his views. A score of other officials regarded as hard-liners were also dismissed. (Reuters, UPI)

Egyptian Opposition Candidate Killed

CAIRO (UPI) — An opposition candidate was shot to death and the wife of another candidate was seriously injured Sunday as Egyptians voted to elect a new People's Assembly. The elections were called by President Hosni Mubarak in a bid to establish himself as a popular leader in his own right, and he allowed campaigning by four opposition parties.

A Socialist Labor Party candidate, Nemat Hussein Mohammed Ali, died just outside Luxor in upper Egypt after an exchange of fire with another vehicle filled with members of the ruling National Democratic Party. The wife of a rightist New Wafd Party candidate was shot in Shebeen el-Khayma, a few miles north of the capital.

First reports indicated only a moderate turnout among the 13 million registered voters. Both the leftist Socialist Labor Party and rightist Liberal Party charged that the Democratic party and police had used intimidation against their supporters at polling stations, although foreign reporters reported little evidence of this. Neither the Liberals nor the Socialists are expected to win seats in the 458-seat assembly.

Night of Rain Inundates Tulsa; 8 Die

TULSA, Oklahoma (AP) — A record runoff from a foot (30 centimeters) of overnight rain cascaded up to six feet deep through thousands of homes in this oil city Sunday, sending house trailers and cars floating down streams and killing at least eight people.

Scores of others were injured and thousands were left without power in the metropolitan region of about 470,000 people. More severe thunderstorms are heading toward the city.

At least 2,100 houses were flooded in low areas around Mingo Creek, Joe Creek and Dirty Butter Creek in east and north Tulsa, said a civil defense spokesman.

For the Record

Around 2,000 demonstrators, led by Roman Catholic nuns, marched through Dublin Saturday to protest U.S. policies on nuclear weapons and Central America. Further demonstrations are planned during President Ronald Reagan's visit June 1-4. (AP)

A strong underground nuclear explosion at a test site in northern Kazakhstan in the Soviet Union was recorded Sunday, according to the Seismological Institution of Uppsala University, Sweden. (AP)

Angolan forces have killed nearly 450 guerrillas in recent "clean-up operations" throughout the country, the official Angolan news agency, Angop, claimed Sunday. (Reuters)

Ten Tunisians charged with murdering two people during riots last January over food price increases were sentenced to death by a criminal court in Tunis, judicial sources confirmed Sunday. (AP)

Sudanese rebels have held two West German civilians captive for five days but said they will release them soon, the Bonn Ministry for Economic Cooperation said Sunday. Klaus Frahm, 45, and Horst Peters, 27, were abducted last Wednesday in southern Sudan, where they work for a volunteer organization. Sixty-two soldiers were reportedly kidnapped at the same time. (AP)

Municipal elections in Venezuela on Sunday tested the popularity of President Jaime Lusinchi and his Democratic Action Party, which won by a landslide margin in December. (AP)

U.S. to Send Air Tankers To Refuel Saudi Fighters

(Continued from Page 1)

plans to defend against possible Iranian attacks.

Saudi Arabia also has 62 F-15s that it bought from the United States in 1978 after a prolonged debate in Congress.

As part of the campaign to win approval, the Carter administration assured Congress that the F-15s would only be used defensively. It said it would not provide Saudi Arabia with bomb racks for the planes. It said the planes would not be equipped with special auxiliary fuel tanks.

In recent weeks, as tensions rose after Iraqi and Iranian attacks on shipping in the Gulf, Saudi Arabia has renewed its request for bomb racks for the F-15s and for KC-135

serial tankers to refuel them. State Department officials said that it was highly unlikely that the bomb racks would be made available.

Several members of Congress were interviewed on Friday about discussions with the administration, and none of them mentioned being told of plans to send additional KC-135s to Saudi Arabia.

A State Department official said Saturday night that there was no need for such consultation, since there was no plan to give the planes to Saudi Arabia. Under the War Powers Act, if U.S. forces are sent into an area where imminent hostilities are expected, they can remain no more than 90 days without congressional approval.

Experts Differ on Earth's Future

By Bayard Webster
New York Times Service

NEW YORK — Will the world be a better place to live in the next century, or will it become more crowded, more polluted and less stable?

In an attempt to answer this question, the American Association for the Advancement of Science held an unusual session here Friday in which an economist and an energy expert who see a rosy future confronted an ecologist and a biologist who envision a world peppered with increasing problems.

The optimists were Julian L. Simon, a University of Maryland economist, and Danny J. Boggs, deputy secretary of energy. Barry Commoner, an ecologist, and Peter H. Raven, a biologist, are those who see a deteriorating planet unless corrective measures are soon taken.

Mr. Simon, editor with the late Herman Kahn of a newly published book, "The Resourceful Earth: A Response to Global 2000," said he and his researchers found many encouraging trends involving resources and environment.

He said these included a rise in life expectancy, falling birth rates in less-developed countries, improving food supplies, no worrisome trends in the world's forests, lack of evidence for rapid species loss in the next two decades, no signs of threatening climate changes and less pollution than had been feared.

Mr. Raven, a botany professor who is director of the Missouri Botanical Garden, said the world would face an increasingly unstable situation as the populations grew in less-developed, mainly tropical, countries. He said such countries, which accounted for 45 percent of the world's population in 1950, would make up 64 percent by the year 2020. He also noted that as the population rose in these countries, there would be increasing destruction of the world's major forests.

Mr. Boggs, citing several dire predictions that have not materialized, ranging from plagues and population explosions to famine, said current predictions of future ills would not come to pass either.

He asserted that gross national product per capita, life expectancy and infant mortality were the best measures of environmental health and safety. "It is instructive to note that all three of these measures have continued to record significant progress over the past decade as well as the last generation," he said.

Mr. Commoner, author of "The Closing Circle," said the profit motive was the chief enemy of the environment.

He said technology that enabled industries to increase profits also led to increasing contamination of soil and water from toxic chemicals in fertilizers, detergents, pesticides and other products.

Juan Carlos Shows Skill On Political High Wire

(Continued from Page 1)

in goggles and helmet who gave him a ride was the reigning descendant of the Bourbon line.

Although he has cut down on sports since injuring his pelvis in a skiing accident last year, Juan Carlos is still an avid outdoorsman. Spaniards seem to feel that the world is in order when newspapers carry a photograph of him helming downwind in his racing yacht.

The king happily relinquished most of his powers in the 1978 constitution, but he is far from being an ornamental monarch. His role as commander in chief of the armed forces is not only theoretical; he keeps the army in line and

deals with it as a graduate of Spanish military academies.

His speaking style, once wooden and phlegmatic, has gained a smoothness under coaching, and when he addresses the nation in a festive Christmas Eve chat, his words seem to set the tone for national discourse.

Most of all, the king travels widely abroad as the symbol of the new, democratic Spain — last year to Canada and Latin America, this year to Canada and the Soviet Union. The trips are meant to be apolitical, but they often serve a distinctly political purpose, either expanding Spanish influence overseas or sending a message back home.

And so it was that the king's trip to Moscow, in which he extolled democracy and delivered an eloquent plea for human rights during the toast at the Kremlin banquet, was read here as a sign of Spanish political stability. The message was that Spain has become a normal democracy and a player on the world stage, able to commune with Moscow as well as with Washington.

3 Israelis Die In Ambush

(Continued from Page 1)

country could be accomplished through "national unity," thus preventing the enemy from benefiting from conflicts within Lebanon.

"Liberating Lebanon is a religious issue that is a 'must' duty especially in confronting Israel," the Sunni Moslem politician told the crowd.

Beirut newspapers quoted Mr. Karamei as saying a vote of confidence to install his cabinet would be conducted Tuesday.

A date for the session has not been set, however, and some delays may develop because of a demand by the Parliament speaker, Kamel Assad, that police be given written orders to fire at any militiamen who approach Parliament headquarters during the vote of confidence session.

Prime Minister Karamei's half-Moslem, half-Christian cabinet was formed April 30 as a "national unity" government. (UPI, AP)

Japanese Shipowners Limit Tanker Operations in Gulf

(Continued from Page 1)

taste the pleasures of victory, everybody is [pressuring] us to come and negotiate," Iran's ambassador to the United Nations, Said Rajaei-Khorassani, said in a television interview. "We are prepared for peace, but not a cease-fire."

Iraq's UN ambassador, Riyaz al-Qayasi, said in a separate television interview that Iraqi aircraft had fired at shipping in a war zone in the northern Gulf and that the attacks were justified under international law.

"Iran is hitting at shipping that is neutral and outside the war zone," he added.

The UN Security Council will resume debate Tuesday on a resolution by several Arab states condemning what they call Iranian aggression against Gulf shipping.

In Tehran, there were renewed indications during the weekend that a ground offensive against Iraq might be near.

Iran has apparently been delaying the offensive, which reportedly has been planned for months.

Sources in Tehran said that Iraq's recent switch of emphasis from ground battles to attacks on Gulf shipping had initially caught the Iraqis off balance.

The latest statements by Tehran leaders and Iranian news organizations indicated, however, that Iran was confident that it could contain the crisis in the waterway and concentrate again on its ground offensive. (Reuters, NYT, AP)

Mount St. Helens Spews Ash

SEATTLE — Mount St. Helens volcano in the sparsely populated southwestern part of Washington state sent a column of ash and steam 12,000 feet (3,700 meters) into the sky Saturday. No one was reported hurt.

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Casey Calls House Study Of Carter Papers Case 'Politically Motivated'

By Philip Taubman
New York Times Service

WASHINGTON — William J. Casey, the director of Central Intelligence, has described as "politically motivated" a House subcommittee report that concluded that as Ronald Reagan's 1980 campaign manager he was involved in the handling of briefing materials obtained from President Jimmy Carter's advisers.

In a report made public Wednesday, the subcommittee said a "credible witness" in its 11-month investigation into the Reagan campaign's access to the briefing papers had "corroborated" statements that the materials were obtained through Mr. Casey.

Mr. Casey, who has denied involvement in the affair, said Friday in his first response to the report, "It is clearly a partisan document in a political year."

He added: "The Federal Bureau of Investigation and the career employees of the Justice Department, after an exhaustive and professional investigation, reported no credible evidence that the law had been violated. In contrast, the Albosta report selected some recollections and ignored others from the same record to arrive at a politically motivated and pre-ordained conclusion."

Mr. Casey's comments were made available by the CIA in a written statement.

The two-volume report on the briefing papers was prepared by the subcommittee on human resources of the House Post Office and Civil Service Committee, headed by Representative Donald J. Albosta, Democrat of Michigan. The Republican members of the subcommittee issued a minority report, challenging the conclusions of the investigation.

In its report, the subcommittee said a credible witness had confirmed the account of James A. Baker 3d, the White House chief of staff, that Mr. Casey had provided him with Carter briefing papers in advance of a debate between Mr. Carter and Mr. Reagan in 1980. At the time, Mr. Baker served as director of the Reagan campaign's debate team.

The report quoted the witness, Margaret Tutwiler, an aide to Mr. Baker, as saying Mr. Baker had told her that the materials were obtained through Mr. Casey.

The report also cited the account of Tim Wynn, executive director of the House Republican Policy Committee, as supporting Mr. Baker's statement. In addition, it said an internal memorandum from a Reagan campaign aide indicated that Casey had been seeking non-public information from within the Carter camp.

Mr. Albosta, responding to Mr. Casey's criticism of the report, said,



William J. Casey

"For the minority and Mr. Casey to suggest that there is no evidence supporting the subcommittee's conclusion that the briefing materials entered the Reagan-Bush campaign through its director, Mr. Casey, ignores the sworn testimony of James Baker, Margaret Tutwiler, who fully corroborates Baker's testimony, and Timothy Wynn, a trusted staffer of the House Republican leadership."

The subcommittee concluded that several crimes may have been committed and called for the appointment of an independent counsel to pursue the investigation.

Mondale Boored By Workers at Nuclear Plant

New York Times Service

SAN LUIS OBISPO, Calif. — Walter F. Mondale, who has been criticized for his ties to organized labor, was booed by trade unionists here as he called for closing the nearby Diablo Canyon nuclear power plant.

Dozens of plant workers, in a crowd of hundreds, shouted and booed Mondale as he made his way to a podium for a Democratic presidential hopeful said, "For too long in this country, safety has been balanced against a price tag, and safety has lost."

The \$4.9-billion plant, built two and a half miles (four kilometers) from a geological fault line in the Pacific, has been the focus of lawsuits by residents of the area and protests by anti-nuclear groups.

"It's time for us to vow that the lives of the people of this area are far more precious than the dollars of Pacific Gas and Electric," said Mr. Mondale, referring to the corporation that owns the plant.

A plant worker, Gary Ryan, said: "He doesn't know what he's talking about. He's doing this for news coverage, propaganda."

Mr. Mondale later went to San Francisco for a visit to the Japanese Cultural Center, where he discussed disarmament and met a survivor of the Hiroshima atomic attack.

Military Said to Resist Elite Forces Plan

By Richard Halloran
New York Times Service

WASHINGTON — A senior Defense Department official has asserted that the military has resisted plans to strengthen it for guerrilla, commando and other special operations, despite a high priority assigned by the Reagan administration.

The official, Noel C. Koch, deputy assistant secretary for international security affairs, said in an interview that President Ronald Reagan, his national security adviser, Robert C. McFarlane, and Secretary of Defense Caspar W. Weinberger have all said, "This simply has to be done."

But Mr. Koch said, "As we have seen this edifice going up, those who have visceral objections have begun to manifest those objections."

The resistance, he said, has come from the services and the staff of the Joint Chiefs of Staff. He declined to name officers or officials.

In response to inquiries, a spokesman for the staff of the Joint Chiefs said, "We are being fully responsive to the president's initiatives."

But he added that details were classified as secret. A spokesman for the army said much the same thing.

A spokesman for the navy said his service "strongly supports" improvements in special operations.

A spokesman for the air force insisted that "the air force recognizes the importance of special operations forces" and said it has a long-term plan to carry out the Defense Department's policy.

He pointed to the 23d Air Force, formed last year to integrate special operations with rescue and recovery forces.

Forces trained for such things as raids, sabotage and unconventional operations behind enemy lines include the army's Special Forces, or Green Berets, and Rangers; the navy's Seals, or sea-air-land teams; and the air force's Special Operations Wing.

The 1982 Defense Guidance, which set the administration's military strategy, said: "We must revitalize and enhance special operations forces to project United States power where the use of conventional forces would be premature, inappropriate or infeasible."

The former deputy secretary of defense, Paul Thayer, reinforced the policy in a memorandum to the services in October, saying, "The revitalization of those forces must be pursued as a matter of national urgency."

Mr. Koch, who is responsible for formulating policy for special operations, said he had decided the resistance was strong enough that "the issue should be discussed in public."

Most disputes of this sort in Washington go on in private, but Mr. Koch made his views known in a recent speech, and elaborated on it in an interview.

"If anyone thinks we're making real progress and that we're on a roll, they are kidding themselves," he said.

He said complaints from military officers added up to, "The civilians are trying to tell us how to fight wars."

The objections, Mr. Koch said in testimony before Congress, have taken the form of plans to sidetrack the issue and endless discussions.

"They are consulting things to death," he said. "They realize that someday we'll be gone and they'll still be consulting."

Mr. Koch exempted the commanders of the forces in the field from criticism, saying they had supported the program during de-

liberations before the Defense Resources Board, the Pentagon's executive committee.

But the headquarters staffs of the services, Mr. Koch contended, "are not comfortable with back-alley, twilight problems."

He said that officers there have not been responsive to directives because they believe that "fighting wars means mass, period."

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AMERICAN TOPICS

Indian Tribe Hires Watt as Consultant

James G. Watt, the former interior secretary, has been hired as a consultant and lobbyist by the Lummi Indian tribe of Washington State. The tribe hired Mr. Watt two months ago at an undisclosed salary because of his business connections.

The Lummi want to wean themselves away from dependence on government programs. Mr. Watt is to help develop an economic plan to keep on the reservation a larger proportion of tribal income from fishing.

Mr. Watt resigned as President Ronald Reagan's interior secretary under pressure in October after criticism for such comments as, "If you want to see the failures of socialism, you need not go to Russia. Come to the American Indian reservations."

Former Rebel Leader Hopes to Practice Law

Bernardine Dohrn, a former Weather Underground leader, has passed the New York State bar examination.

Ms. Dohrn, 42, who graduated from the University of Chicago Law School in 1967, must win approval from the Committee on Character and Fitness of the state supreme court to practice law in the state.

Ms. Dohrn was the Weather Underground spokesman whose 1970 "Declaration of War" on the government was followed by bombings for which the organization claimed responsibility. She spent 11 years as a fugitive and was eventually fined and placed on three years' probation.

The Right Stuff Today Means the Right Size

The U.S. Navy wants pilots with longer arms and shorter legs to fit the cockpits of its planes. "Manufacturers are still building airplanes the way they want, but God is not making people to fit them," said Captain Frank Dully, commander of the navy's aerospace medical research laboratory in Norfolk, Virginia.

He said new measurement regulations being introduced would exclude 73 percent of college-age women and 13 percent of college-age men from flying in the navy.

The new rules were devised because some would-be pilots could not reach the control pedals or see over their instrument panels. Other, taller, candidates were so tightly wedged into planes that their helmets hit the cockpit canopy.

The Man Who Didn't Come to Dinner

Article on Rebuff of Carter Was Amusing, but False

By Jonathan Friendly
New York Times Service

NEW YORK — When the Boston Herald's gossip columnist reported that a fancy Boston restaurant had refused to seat former President Jimmy Carter because he was not wearing a coat and necktie, the story was amusing, but false.

The story was inaccurate. This is a study of how it came to be published and then widely repeated. (It appeared in the International Herald Tribune on May 14.)

Not only did the rebuff not occur, according to Carter aides, but neither the Boston Herald nor any other news organization called to ask about it before carrying the report.

The original item was written by Norma Nathan in her column, The Eye, on May 12. It said, in part: "Roselynn Carter can't complain about her Copley Plaza chums. The ex-First Lady checked into the hotel during a brief book tour for her new 'First Lady From Plains' and checked out smiling at the service."

"Not so husband Jimmy. He was turned away from the dining room when he showed up in his cardigan for dinner. He was really rather put out," said someone who was there, so much so that Secret Service pranced into the Plaza and said, "That's the president."

"All the more reasons he should wear a jacket," sweetly smiled matriarch Ursula Staudt. Jimmy ate elsewhere.

"We never saw him after that and he never came back," said top Copley man, Alan Tremaine.

The Boston bureau of The Associated Press and United Press International noticed the account. In rewriting it before sending it out to their clients, each added that the rebuff had occurred recently. The AP identified the writer as the Eye columnist; UPI simply cited the Herald.

In an interview, Miss Nathan said that the incident occurred in 1980 and that she was simply "cleaning out an old notebook" to make more interesting a current item about Mrs. Carter in Boston.

She said Mr. Tremaine had told her about the incident and that she had not tried to verify it with Mr. Carter because it was "a minor historical note."

She said she had not meant to suggest that Mr. Carter was in Boston with his wife or that the incident was recent. She said readers could tell that because she had referred to "the president" and Mr. Carter left the White House three years ago.

She said the news services "got it all garbled."

Mr. Tremaine was out of the country and could not be reached for comment in this article.

William H. Heck, general manager of the Copley Plaza, said Mr. Carter, then a candidate for the Democratic presidential nomination, was turned away from the Café Plaza in 1976 for not wearing a jacket and a necktie, but not for Ursula Staudt and not over the protests of Secret Service agents.

Mr. Heck said that Mr. Carter

had then been seated in a less formal restaurant in the hotel.

Miss Nathan's account, he said, was "a little twisted around."

"You ought to be able to trust member daily newspapers on items like that," said Wick Temple, managing editor of The Associated Press. He said the service would "double check if it was a serious story," but he added, "You can't start from scratch for everything in the newspaper."

Andrew Dabulis, the head of the Boston UPI bureau, said his staff would not normally try to check such an "innocuous" report.

Jody Powell, the press secretary in the Carter White House, said it

was common for news organizations to repeat unflattering gossip about public figures without asking the official whether the story was true or disclosing that the original source was a gossip column.

In his recent book, "The Other Side of the Story," Mr. Powell complained about inaccuracy and innuendo in gossip columns. But he said gossip-column readers knew they should be skeptical.

A greater problem arises, he wrote, when items are "picked up" by the wire services, and occasionally by the networks, and distributed to additional millions of people who are unaware that these stories should be taken with a large grain of salt.

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The Campaign in Moscow

While saying woefully little to each other, the leaders in Moscow sound angry and the leaders in Washington sound smug. There is not much justification for either mood, and either could become dangerous if sustained. But there is a compelling reason to put up with the emotions of the moment: There is an election at hand, in each capital.

In the Kremlin, self-preservation, the highest political objective anywhere, now argues for circling the wagons. The top man is old and ill, like the one before and the one before that. That means that every debate is magnified by intense rivalries. Major decisions are impossible in such a climate and in foreign affairs are best avoided. For an oligarchy that has been leaderless for at least five years, rage at a hostile world is an easy refuge.

At the White House, meanwhile, politics prescribes the opposite. Everything is going fine thanks to new military strength. "The world maybe is a little safer than it has been," the president avers. He knows no one more determined in seeking peace than he, but it is also gratifying that "they haven't taken another inch of territory since we've been here." Knowing they cannot win an arms race makes the Russians "a little unhappy." But when they see that they have to deal with Ronald Reagan for another term, they will negotiate.

Equivocate would be more like it. The net effect is that a fifth year will pass without a serious effort at arms control and without any sustained communication between the superpowers. This does not mean they are in danger of imminent confrontation. In the most obvious danger zone, the Middle East, their conduct has been remarkably prudent. It does mean that no basis exists for controlling some

unforeseen crisis, and that technology alone now drives the nuclear arms race and will rapidly make that race impossible to contain, even at the present, excessive arms levels.

Both sides are to blame for the loss of time and opportunity. President Reagan's rejection of the SALT-2 treaty was unnecessary and provocative. His efforts to negotiate a better accord were tardy and halfhearted and lacked supportive diplomacy. The Soviet buildup of medium-range land missiles in Europe was even less necessary and more provocative. Having refused to approve a modest NATO response and yet failed to prevent it, the Russians now feel compelled to make good their threats to deploy still more missiles in Eastern Europe and to move their submarines ostentatiously closer to American shores.

The Russians, however, are not just so far from Mr. Reagan or trying clumsily to defeat him. Perhaps they miscalculated in thinking that an Olympics boycott would undermine his seeming serenity. Perhaps, they overestimated the strength of the nuclear freeze movement. But if what they wanted was to weaken the president, why, just as penitently, have they passed up a chance to improve relations with China? And why have they not wooed Western Europe with a peace offensive instead of growling in ways that drive it closer to the United States?

The Soviet sulk on all fronts bespeaks paralysis. That means that President Reagan's interest in summitry and arms control, even if not too little, has come too late. As has happened before in the nuclear era, the Soviet and American political calendars have fallen out of sync. The consequences may seem bearable now, but they will be costly and could be grim.

—THE NEW YORK TIMES.

Justice for Salvadorans?

It took three years of agitation, a denial of \$19 million in U.S. aid and a special inquiry by a federal judge, Harold Tyler, but a court in El Salvador has finally managed to convict five former national guardsmen of murdering four U.S. churchwomen in December 1980. Now the challenge is to assure equal justice for Salvadoran victims, who remain statistics in an unremitting slaughter that has claimed the lives of more than 30,000 noncombatants.

Skeptics minimize the jury verdict as a token concession meant to take the heat off the military before a reform-minded president, José Napoleón Duarte, takes office. They may well be right. No Salvadoran officer has ever been punished for human rights offenses.

Even as Mr. Duarte is winning friends in Washington, his generals were busy cleaning house their way — getting suspected war criminals out of the country into jobs abroad. The head of the notorious Treasury Police, Colonel Nicolas Carranza, is going to Bonn as a military attaché. Lieutenant Colonel Denis Morán, a rightist provincial commander, is being transferred to a service school in Washington.

A Salvadoran court has just dropped charges against Lieutenant Rodolfo López Sibiza, the alleged killer of two U.S. labor advisors and a Salvadoran peasant leader in 1981.

This scarcely augurs fair real change under Defense Minister Eugenio Vidales Casanova, whom Mr. Duarte, with a nervous eye to the right, has asked to stay on. He was the general who commanded the National Guard at the time the nuns were killed, and he is suspected of covering up the involvement of superiors. In a report that the State Department is finally making available, Judge Tyler carefully asserts that this was "quite possible."

Still, something remarkable and heartening has happened. For the first time a Salvadoran court has held men in uniform accountable for political crimes. For the first time U.S. protest has stiffened a weak judicial system. Events take on their own momentum, and this small tremor may embolden others to seek redress under a new president committed to reform. Only this glimpse of justice redeems the cruel death of four devout women.

—THE NEW YORK TIMES.

And Now a Yen to Travel

Japan, in response to much American exhortation, is about to open its financial market more widely to the rest of the world. The U.S. secretary of the Treasury, Donald Regan, is entitled to credit for his part in this agreement; the Japanese government, for its part, has taken an important step. Protecting the yen was good policy when Japan was running a weak and vulnerable economy recovering from a great war. But greater freedom for the yen to travel abroad can only benefit a country that has become an industrial powerhouse. This decision constitutes an important acknowledgment by Japan of its growing responsibilities, as a major trading nation, for the world monetary system on which trade depends.

The United States has, of course, a more immediate interest in freeing the yen. It would be very convenient to have the yen rise. But that will not necessarily happen immediately. There is a good chance that the first effect of this further liberalization of the yen will be another decline. The American view is that investors will rush to sell dollars and buy yen to build a stake in that extraordinary economy.

But it seems more likely that Japanese investors will sell yen to buy dollars and capture high American interest rates. For some years the Japanese government has been cautiously relaxing the restrictions on the yen, and that is what has happened so far. As more restrictions fall, it may happen faster for a while. That would drive the dollar upward, not the yen.

Japanese interest rates are not unusually low by the standards of the other leading trading and banking countries. The after-inflation rates in several European countries — West Germany, Switzerland, the Netherlands — are all lower. It is not Japan that is out of line with the worldwide pattern, but America. The dollar exchange rate is very high because American interest rates are very high because the American federal budget deficit is very large.

Japan is quite right to open the yen market wider and encourage the yen to seek its fortune abroad. But Americans ought to be under no illusions that technical reforms in other countries' currency regulations will have much effect on the dollar's troubling exchange rate.

—THE WASHINGTON POST.

Other Opinion

Toward a Banking Collapse?

[Present] financial jitters could have the makings of an international crisis. We are not there yet, not by a long way. But the truth must be faced, and faced now, that unless the unsustainable economic policies of the Reagan administration are changed, and changed well before the presidential election in November, then a financial collapse is all too possible. Why is the odds on America? Because it is not

unfair or unreasonable to lay most of the blame for this new threatened crisis at the door of the American budget deficit.

The current atmosphere of crisis may at least force the Reagan administration's hand. A financial collapse is hardly likely to aid the president's re-election campaign. It is now in Mr. Reagan's political interest to tackle the deficit at once. That is the best hope of averting a full-scale international banking crisis.

—The Sunday Times (London).

FROM OUR MAY 28 PAGES, 75 AND 50 YEARS AGO

1909: Russia Limits Polish Suffrage
ST. PETERSBURG — The resignation of M. Korvine Milevsky of his position as member of the Council of the Empire must be regarded as one of the first results of the introduction by the Right of that Assembly of a bill modifying suffrage in Poland. In a letter published in the "Rech" M. Milevsky declares that he has always represented the Russians, as well as the Poles, in the Council. It is evident that there is a reactionary movement in Russia at present, and it has begun with measures against the Poles. The Poles feel that they would rather die with arms in their hands than be slowly crushed out of existence by a Constitution resembling that of Germany.

1934: A Sex Forecasting Technique
NEW YORK — A method of foretelling the sex of unborn children, which has correctly forecast 242 boys and 156 girls, was described in an announcement at Boston University. If the baby is a boy a small pink spot appears on the mother's forearm, after a hypodermic injection of an extract taken from the glands of bulls. The color for girls is white, whereas no reaction appears after the needle is used. The test was devised by Dr. Max Davis, instructor in obstetrics. The total prospective mothers tested were 468. The accuracy was 82.3 percent for male children and 89.6 percent for females. The best period for forecasts is said to be after the fifth month of pregnancy.

No End of Escalation, No Talks, No Joke

By Tom Wicker

NEW YORK — Grinning and joking in his best ad-shocks manner, President Reagan said last Tuesday night that if he were "concerned" about additional missile-bearing Soviet submarines being stationed off U.S. coasts, "I wouldn't be sleeping in this house tonight." But it is no joke that a new round of nuclear escalation is under way, with both the United States and the Soviet Union building up the capacity to hit important targets in the other's homeland in less than 10 minutes.

That is the military consequence of U.S. deployment of Pershing-2 and cruise missiles in Europe and the new, not necessarily completed Soviet submarine deployment. The chilling coolliness is that both sides are now more dependent on computer decisions and more likely to adopt launch-on-warning policies.

It is even less laughable that Mr. Reagan appears to have written off serious arms control efforts. He has chosen instead to seek military superiority behind the high-tech "strategic defensive system," commonly called "Star Wars," which may or may not prove effective but which is bound to stimulate new Soviet-American races in weaponry.

The evidence for that conclusion is compelling. The House Armed Services Committee reports approval of a \$12.6-billion plan for an army

"guided missile facility" in the Aleutians — part of an expanded effort to develop the ability to destroy Soviet missiles in flight. And a study by the Congressional Budget Office shows that Star Wars research will consume 16 percent of Pentagon research and development funds by 1989.

That same study reported that shifts in Star Wars funding requests suggested development of missile defenses for "entire areas" of the United States, not just for missile bases. On April 24, Lieutenant General James A. Abrahamson, the program's director, told a Senate committee that the missile defense would protect the European allies, too. Research on such an extensive basis obviously portends abrogation of the Anti-Ballistic Missile Treaty, the most successful U.S.-Soviet arms accord.

That is only one consequence of Mr. Reagan's disinterest in arms control. He rejected negotiations for a comprehensive test ban treaty that America is bound by two other treaties to seek. He halted talks on a threshold test ban treaty and refuses to pursue an agreement banning anti-satellite weapons; yet his contention that compliance with those two treaties could not be verified is widely disputed among scientists.

He rebuffed the Nizhe-Kvitinsky "walk in the woods" compromise on intermediate-range missiles in Eu-



rope. He proposed strategic arms reductions that Moscow was bound to reject, since they would have sharply reduced Soviet land-based but not U.S. sea-based missiles. He refuses to consider a pause in European missile deployment to give Moscow a face-saving opportunity to return to talks.

That sad record has been coupled with enormous military expenditures; with Mr. Reagan's insistence on building the MX missile, even though it threatens, and would be vulnerable to, a first strike; with his deployment of Pershing and cruise missiles in Europe; with his intention

to build both the Trident and the Midgetman missiles, both the B-1 and the Stealth bombers, more big aircraft carriers with all their necessary support ships and an anti-satellite weapon that will extend the arms race to outer space.

The Russians have responded with their vehement threats, increased hostility and vows to keep step. Zbigniew Brzezinski may well have been right when he said he feared that "we've come to the end of the road on traditional arms control," with both superpowers "driven more and more toward strategic defensive systems."

Yet there is a broad scientific consensus outside the administration that Star Wars can be of only limited effectiveness, at enormous cost. Senator Sam Nunn of Georgia and others point out that the obvious Soviet response will be to build offensive weapons to penetrate the system. The history of the nuclear arms race suggests that the Russians also will develop a defensive system, if the United States goes ahead — thus opening the defensive arms race that the ABM treaty has prevented.

But Mr. Reagan plunges on.
The New York Times.

Sheriff Reagan: Unfairly Labeled, Fairly Faulted

By Stephen S. Rosenfeld

WASHINGTON — Ronald Reagan is not the first U.S. president to blame his difficulties on the press, but he had a point at his news conference last Tuesday when he blamed the media for the widespread judgment that he has "an itchy finger" and is "going to blow up the world."

A presidential aide, Michael Deaver, said later that Mr. Reagan had no particular episode in mind, beyond a general feeling that labels applied early in his career — "right-wing actor," "former cowboy star" — and Mr. Reagan's continuing horseback riding have probably fed the public's perception. His performance after the Soviet downing of the South Korean airliner, in Lebanon and currently in the Gulf, Mr. Deaver said, argues for just the opposite of the "itchy finger" rap.

There is more. He recalls a consensus-conditioning conference of October 1981, Mr. Reagan said he did not know if a limited nuclear war in Europe would escalate. The European press portrayed this matter-of-fact observation as a cynical confession that he would fiddle while Europe burned. The American press played back Europe's false alarm as confirmation of his unfitness.

Another key episode: In May 1982, The New York Times published an account of a Pentagon document saying that the United States was preparing to "prevail even under conditions of a prolonged [nuclear] war." This conventional if grim bureaucratic formulation, common but unmarked in the thinking of earlier administrations, was transformed into proof of Mr. Reagan's

unique and cold-blooded intent to wage nuclear war as if it were scarcely more than fun.

American planners have long feared that the growth of Soviet power was undermining deterrence. Their concern produced, among other results, the MX. This missile and the doctrines rationalizing it have been around for four administrations. The politically explosive stage of deployment, however, happens to have fallen in Mr. Reagan's time. He has borne a disproportionate share of the political burden for a condition — vulnerability of the deterrent — that has been imbedded in the consensus for years.

Then there is writer Ronald Reagan, whose recent zany contention it was that if Middle East crisis threatened to go nuclear, Mr. Reagan might be predisposed to believe he saw Armageddon coming, and his religious beliefs might affect his willingness to use nuclear weapons.

So Mr. Reagan is due more than a passing flash of irritation. It is unjust and offensive to say that he has "an itchy finger" and is "going to blow up the world," phrases he used as though to mock the charge against him but which in fact are in daily parlance. It should be enough for Mr. Reagan's critics to say that they disagree strongly with him. In fact, at his news conference he badly misrepresented the problem of his nuclear image. For it is not simply the product of a careless or paranoic

press. It arises in the first instance from some of Mr. Reagan's acts and from attitudes that were much in evidence on Tuesday.

To this day he rejects the suggestion that the break in the arms control dialogue that has occurred on his watch, even as both sides have been aiming heavily, is one of the principal sources of people's discontent. What he wants people to believe is that the Soviets are aiming at full tilt — which the CIA denies — and that, observing America rearm, they will realize they cannot match it and will "work out something in which they won't have to run the risk of someone being superior to them militarily."

He seems driven to show that the Soviet purpose is wholly suspect and that no part of Soviet arm-building is a response to U.S. arm-building or to Soviet perceptions of U.S. purpose. It follows, by his logic, that the difficult adjustments must come from the Soviet side — and not so much by a process of diplomatic engagement and give and take as by the Kremlin measuring his resolve and drawing the correct conclusions.

Mr. Reagan is so concerned to project strength to the Soviets, and so fearful that the capacity to deter Soviet threats has slipped, that he overlooks how his policy looks to Americans who do not share his basic sense of the inevitability of confrontation. That is why so many people think that during the past three and a half years the world has moved closer to war, and not closer to peace.

The Washington Post.

Switching Off The Tension Won't Be Easy

By F. Stephen Larrabee

NEW YORK — The current Soviet policy of retrenchment and repression could have serious long-term implications for East-West relations. How long this policy will last is difficult to say, but it would be wrong to assume that it will simply dissipate after the American elections.

Trends have been set in motion — and certain political emotions aroused — that cannot be switched off overnight or easily reversed. They are likely to condition the climate in which American-Soviet relations take place in the near future.

This has important implications for the conduct of American policy toward the Soviet Union and for arms control in particular. Arms control negotiations cannot be pursued successfully in isolation. They cannot be divorced from America's political relationship with the Soviet Union.

The Russians have strong incentives to return to the negotiating table to try to constrain the U.S. rearmament program (MX, Trident, Stealth, B-1), but arms control talks are unlikely to progress as long as political relations remain so tense.

The task for any new administration — Republican or Democratic — has to be to try to rebuild political relations on a broad front. This does not mean an effort to restore the détente of the 1970s but rather to stabilize relations based on the principles of realism, restraint and reciprocity. Without a change in the political climate, meaningful progress in arms control is unlikely.

It may also be useful to reduce the central position that arms control now occupies in U.S. relations with the Soviet Union. Too often in the past, arms control has been forced to carry the main burden of relations. When political relations soured, arms control suffered. Broadening the relationship and reducing the centrality of arms control might help to insulate the negotiations from the vicissitudes of political relations and increase the prospects for success.

Finally, it may also be better to concentrate on a series of specific limited agreements rather than trying, as the Reagan administration has, to solve all strategic problems at once with comprehensive, grandiose plans for restructuring Soviet nuclear forces. However desirable these packages may be, they have proved increasingly difficult to achieve.

An effort to negotiate such a deal now would be quite unlikely to succeed, and it might simply lead to stagnation, reinforcing Soviet fears that the United States is not really serious about arms control. A series of specific limited agreements could create a greater sense of confidence and trust on both sides.

The writer, who was a member of the National Security Council staff from 1978 to 1981, is director of studies at the Institute for East-West Security Studies in New York. He contributed this comment to The New York Times.

From Engineer Reagan, High-Tech Monumentalism

By Daniel S. Greenberg

WASHINGTON — Ronald Reagan has received little recognition for a passion whose achievements may prove even more durable: high-tech monumentalism. More than any of his predecessors he has been a collector of technological enterprises, regardless of cost or impracticality. The latest manifestation of this devotion was his cliff-edge rescue of an MX missile program so out of touch with strategic reality that it lost many of its original proponents.

The president's embrace of the MX may be wrongheaded, but there is nothing erratic about his commitment to a weapon that is obsolete before it is built. Mr. Reagan and big high-tech have long been in harmony, and in most instances he has bailed Congress out of coming along. Upon taking office, he revived the nearly extinct B-1 bomber for the most expensive airplane-building program in history — although air defense specialists insist that it is easy prey for the Russian's smart anti-aircraft missiles and less effective and more expensive than cruise missiles. Nuclear-power specialists had

written off the Clinch River Breeder Reactor on the grounds that its purpose had evaporated. The breeder — estimated to cost \$2 billion, which means at least \$4 billion in the never-land of nuclear economics —

was designed to extract additional energy from spent nuclear fuel. With nuclear power companies and uranium markets glutted, not even the nuclear industry cared enough to pay for this heap of useless technology.

The breeder stirred Mr. Reagan's high-tech enthusiasm. He fought to the last vote against Congress's decision to scrap it. That loss was a rare one and, after all, involved a relatively minor sum, as such things go. Big items have come up recently, with the biggest of all, the Star Wars anti-missile system, soaring into misty estimates in the range of \$100 billion and even beyond.

Although some of the administration's own experts confess that they do not know whether Star Wars is feasible — and some of them question whether it is strategically desirable — plans call for spending \$24 billion over the next five years on preliminary research. (That is about five times the rate of government spending on cancer research.) Independent experts with impres-

sive military or scientific credentials insist that Star Wars is a dangerous hallucination. However, Mr. Reagan's enthusiasm is the decisive factor. Star Wars research will proceed, although perhaps Congress may slacken the pace of spending.

The president's yen for high-tech ventures has also produced a go-ahead for NASA's long-bottled-up plans to build a permanently manned space station — another monument of unspecified cost. Despite the boopla about repairman astronauts with screwdrivers proving the indispensability of man in space, the fact is that phenomenal improvements in electronics reliability and versatility are superseding man in space.

Recently controlled instruments can perform the necessary chores, and in an era in which it is cheaper to throw away than to fix, the space mechanic is an overpriced anachronism. But with Mr. Reagan's enthusiastic endorsement, America is going ahead with a manned space station.

The administration is also expanding the U.S. Navy around giant aircraft carriers of such prize target value that protective escorting fleets costing \$15 billion become necessary. Advances in missile technology make protection a doubtful proposition.

Is bigger really better? Often it is, but less and less so as miniaturization electronics brings toasty-turvy changes to technology, particularly in weaponry. Mr. Reagan, however, remains a relentless enthusiast for high-tech monumentalism. Much speculation has gone into discovering the reason for his devotion to the founding MX missile. The real reason is probably simpler: Because it's big.

The writer, a longtime Washington observer of science issues, is editor and publisher of Science & Government Report, an independent newsletter.

Trusting Volcker to See Us Through

By Joseph Kraft

NEW YORK — Those big American banks that are now breathing so hard will almost certainly be saved. The rescue is being led by the chairman of the Federal Reserve Board, Paul Volcker.

So Mr. Volcker acquires new strength in his long, hard struggle against the blind optimism that would leave everything to the free play of the market. That group, while prominent in the banking community, finds its chief personification in President Reagan.

The financial world is a pit of uncertainty. Record government deficits of \$200 billion per year stretch far ahead. The Treasury has in borrow to make the books balance. Private loan demand took off as the economy moved from recovery to expansion early this year. Competition between public and private borrowers is forcing up interest rates to record highs. In the past two months alone, one of the steadies of the rates, the prime, jumped from 11 to 12.5 percent.

That sudden rise made many banks vulnerable to gusts of changing opinion. For the banks make loans on the basis of deposits. They have to pay going rates to acquire the deposits, which are thus liabilities. To offset these liabilities, the banks need assets in the form of loans returning interest plus principal. But if loans are "nonperforming," as the regulators say, then the banks are in trouble.

Two kinds of loans, carelessly made during the '70s, are now performing poorly. There are energy loans made primarily to oil-drilling companies when shortages devel-

oped after 1973; the companies lost heavily after prices went soft in 1981. And there are the billions loaned to Third World countries.

The Latin Americans, led by Mexico in August 1982, have had to reschedule payments. With interest rates rising and political troubles also mounting, it is far from clear that they can meet their obligations without still further rescheduling.

Continental Illinois, the eighth-largest U.S. bank, is probably the one that has suffered most from bad energy loans. So when investors turned nervous as rates soared in May and began calling deposits, Continental was first in the line of fire. A rescue package put together by the most prestigious of the private banks, Morgan Guaranty, was not sufficient to stop the run. Only when the regulators guaranteed deposits, and Mr. Volcker indicated that the Fed would make the necessary credit available to Continental, did the pressures ease.

With one bank in trouble, it followed that investors would test Mr. Volcker on another. Manufacturers Hanover, the fourth-biggest U.S. bank, is probably the most exposed on Third World debt. Big interest started calling their deposits last Thursday, and the bank's stock dropped sharply. Still, the Fed can hold it off simply by making more money available. That action, of course, has its price.

Pouring money into the system makes for inflation, which obliges the Fed to take countermeasures.

That means letting interest rates rise higher to discourage the consumers and businessmen now clamoring for funds. One big question is how high rates will go. Another is how the slowdown in economic activity will ensue. As one New York financier put it, "We are getting a whiff of the next recession."

If justice ruled politics, the recession would come soon enough to shadow the chances for President Reagan's re-election. His administration asked for trouble by cutting so deeply into the revenue base in the 1981 tax bill. It guaranteed the trouble by not taking the lead in cutting the budget deficit this year.

But the economic trouble is almost surely not going to bite until 1983 or 1984, if then. The economy is going strong and unemployment is not on the rise. Even consumer purchases highly sensitive to interest rates, notably of homes and autos, will probably hold up for a considerable period.

For the saving fact is that Paul Volcker remains on the job. While pressing for more action to cut deficits, he is not going to let interest rates soar out of sight. If his prestige is enhanced, as seems likely, it can be turned to good account against the optimists in two ways.

He can slow down the deregulation of financial institutions that has played at least a part in fostering uncertainty and edginess. And he is in a better position to ease the terms on Latin American debt and thus transform what has been a periodic crisis into a problem that can be managed over the medium term.

Los Angeles Times Syndicate.

Letters to the Editor

Andrei D. Sakharov Ave.

I propose that the streets on which Soviet embassies are located in all nations that profess to care about human freedom and human dignity be renamed after Andrei D. Sakharov. Then not even the Soviets will be able to forget him.

LAWRENCE ELLIOTT,
Aix-en-Provence, France.

No Invitation for Kohl

Your May 21 report regarding the Allies' refusal to invite Chancellor Helmut Kohl to the D-Day ceremonies is a clear indication of the lack of imagination and statesmanship among the current leadership. Instead of turning the occasion into an opportunity to dramatize the fertility of war and to heal old wounds, it has become a reaffirmation of the narrow-minded, nationalistic attitudes which have dogged the creation of a united Europe. The victors are congratulating themselves and assigning the losers to their proper place.

Letters intended for publication should be addressed "Letters to the Editor" and must contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsubmitted manuscripts.

(Continued on Page 5)

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EUROBONDS Rumors About Banks Send Shiver Through Markets

By CARL CEWIRTZ
International Herald Tribune

PARIS—A shiver of fear shook financial markets last week as rumors swept the world about the fragility of major U.S. banks.

The dollar fell sharply on the foreign-exchange market, and money that remained in dollars sought safety by moving into government paper or into short-dated maturities. This movement widened the yield curve by driving down the cost of overnight funds relative to six- or 12-month rates.

The scare was fueled by the near collapse of Continental Illinois, which was plagued by large losses on its domestic loan portfolio, and increasing worries about other banks holding large portfolios of Third World debt.

It is understandable that such rumors roll the stock market in general and the share prices of the banks in particular, but it is less clear why the stock market jitters jolt other financial markets. The major Western governments have made it clear from the beginning of the debt crisis that the integrity of the banking system would be maintained come what may.

This message was underlined in the salvaging of Continental Illinois, in which the U.S. banking authorities effectively assured every depositor, regardless of size, that his money was safe and would, if desired, be repaid.

What needs to be made more clear, perhaps, is that this assurance applies only to depositors — individuals and institutions who have banked on the integrity of the system. It does not cover shareholders, the owners of the banks. When the dust settles in the Continental Illinois case, the shareholders are likely to be wiped out while every depositor is assured of getting his money back.

Admittedly, this comfort to depositors is not a total pacifier because at the worst it means that the Federal Reserve and other central banks are willing to print the money needed to prevent a collapse of the banking system. To some extent this risk of renewed inflation is already reflected in markets in terms of the record high level of "real" interest rates — the level left after subtracting the rate of inflation.

Worries about renewed inflation abound even if a total bailout of the banking system is not needed. This is because the Fed's ability to temper an overheating business recovery at home by driving interest rates higher is now seriously constrained by the effect that higher rates have on the ability of developing countries to service their debts and the effect that such payment difficulties could have on the banking system.

As a result, there is now increasing talk about the need for the Fed to abandon its traditional monetary policy and replace it with a system of credit controls, aiming to limit the supply of credit without driving up the cost.

This is leading some bond dealers to talk about interest rates having peaked and to say that now is the time to buy. But they admit they are talking into the wind. The Eurobond market is virtually frozen — no buyers or sellers — with everyone sidelined awaiting some clearer view.

Investors are hoping for some clarification from the June 7-9 summit of the leaders of the seven major non-Communist industrialized nations in London, then the market is set for a disappointment.

It is doubtful that there will be any substantive results to repair the erosion in confidence so apparent in financial markets. U.S. officials have been making it clear that they expect the leaders to back in the strength of the U.S. business recovery and create no

(Continued on Page 9, Col. 1)

U.S. Orders For Tools Rise 23%

New York Times Service

NEW YORK — U.S. machine tool orders rose 23 percent in April from the March level and 116 percent from April 1983, but the industry organization that compiles the report saw little to cheer about.

"Even though orders are on the rise," said James A. Gray, president of the National Machine Tool Builders Association, "they have only partially recovered from the lowest levels in history."

Many builders, he said, could be "permanently crippled or put out of business" before orders have risen to more profitable levels.

The association reported that orders in April totaled \$255.85 million. Shipments, which represent complete sales, declined 16 percent to \$158.85 million from the March level, and showed a scant 5 percent rise from April a year ago.

One industry analyst, Andrew J. Silver of Donaldson, Lufkin & Jenrette Securities Corp., said the April results were "a little bit stronger than I had been looking for."

March results, when orders gained 2.7 percent from February, may have been disappointing but "April is a pleasant surprise," he said. "It's too early to tell whether this strength will be maintained in the months to come."

Overall, Mr. Silver takes a pessimistic view. In a mid-May report, he wrote that price competition in the industry was fierce and that the Japanese share of the market was likely to grow larger, stunting growth of the domestic industry, despite the economic recovery.

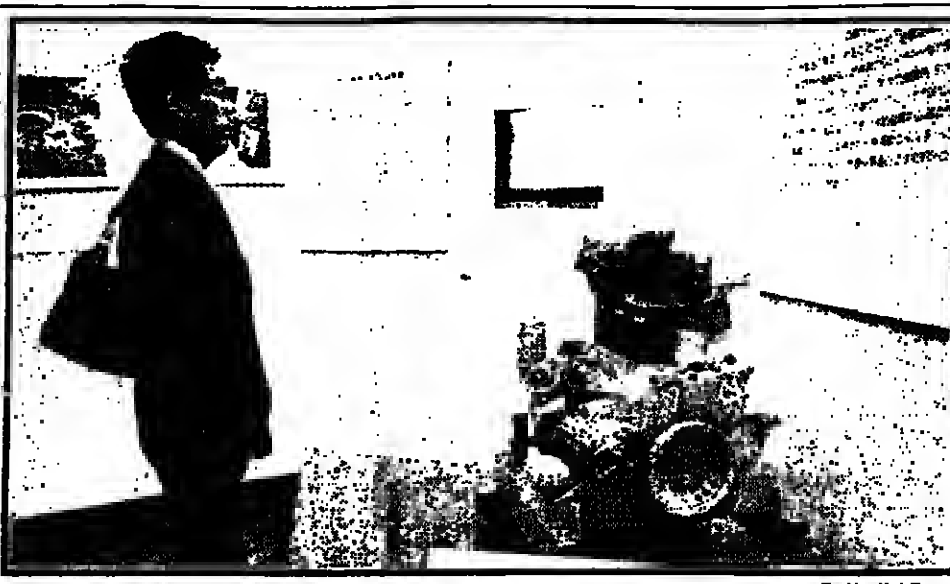
Even though machine tool orders for U.S. companies doubled in April from a year ago, he said, "that's still not much more than half where the industry was a couple of years ago."

The association said that the machine tool recovery could be accelerated and damage to the industry reduced if the White House would take action to reduce the level of imports.

A year ago the association filed a petition seeking to restrict imports to 17.5 percent of the market on the ground that national security is being endangered by a weakened industry. Last year, the Japanese held 36 percent of the market.

Commerce Secretary Malcolm Baldrige reportedly recommended in February that quotas be imposed, but the White House has yet to act. Mr. Silver said he expected "little forthcoming at this point" in import protection. "The question is who will have to bear the cost of the protection," he said.

With machine tool quotas, he said, industries such as auto companies would be penalized by higher prices, slower delivery times and a generally less competitive and innovative market for machine tools.



A visitor examines a ceramic automobile engine in a Tokyo department store display.

From Artificial Bones to Engines, Ceramics Fever Is Gripping Japan

By Andrew Pollack
New York Times Service

NAGOYA, Japan — Here in the heart of Japan's ceramics industry, Noritake Co. produces the china for which it is known throughout the world. But near the dishes in a company showroom are some newer Noritake ceramic products — pump parts, digital displays for electronic devices and parts used in the molding of engine blades for the American F-15 fighter.

Across town, another leading ceramics concern, NGK Spark Plug Co., is working on ceramic automobile engines, which use far less fuel than existing engines.

Throughout Japan, an entirely new ceramics industry is taking shape. The industry is developing high-technology ceramic materials that are super-hard, super-strong and super-resistant to heat for use in industries as diverse as electronics, aerospace, energy and medicine.

The world market for new ceramics, already estimated at \$4 billion in annual sales, is projected to grow to at least \$10 billion by 1990.

Ceramic materials are used to package and protect computer chips, to make magnetic recording tape, and in sensors to detect everything from gas to humidity. Their diamond-like hardness and resistance to corrosion make them useful substitutes for metal in cutting tools, bearings and furnaces. They are excellent insulators of electricity, and they are starting to be used for artificial bones and dental implants to support false teeth.

Many American companies, backed by government contracts, are also pursuing high-technology ceramics and lead in many areas, particularly in military and space applications. But experts from both nations agree that the intensity of work is greater here and that the Japanese are quickly gaining ground.

"There is a ceramics fever in Japan," said Richard (Continued on Page 9, Col. 4)

Complaint Filed Against Arianespace

By Axel Krause
International Herald Tribune

PARIS — In what could trigger a new trans-Atlantic trade dispute, Transpace Carriers Inc., a U.S. company offering space launch services, has charged that Arianespace, a competing West European consortium, is engaging in "predatory" pricing practices. U.S. and European industry and diplomatic sources said Sunday.

Transpace, in a complaint filed with the Office of the U.S. Trade Representative in Washington and disclosed in Washington Friday, charged that Arianespace is offering its launch services to potential U.S. customers at prices 25 to 30 percent below prices quoted to European customers also seeking to launch satellites, the sources said.

The action was filed under Section 301 of the 1974 U.S. Trade Act and could lead to retaliatory action if a formal investigation by the

trade representative's office subsequently showed that the charges are justified. The office has 45 days in which to decide whether to act on the complaint.

Transpace plans to launch satellites with Delta rockets, which are made by McDonnell-Douglas Corp., and which are being phased out by the U.S. National Aeronautics and Space Administration, U.S. sources said.

In Paris, Frédéric d'Allest, chairman of Arianespace, said Sunday evening that Transpace's action was still being studied and that "an appropriate response" will be made Monday, or later this week. "But we are not concerned, since it is above all a political, and not a commercial or legal matter," Mr. d'Allest said.

Mr. d'Allest and other Arianespace executives said that the consortium's price for a launch on its Ariane rocket, totaling about \$25 million a launch, was below what it charged European customers participating in its program. But the Arianespace price also was "roughly equivalent" to the per-launch rate quoted by NASA for its space shuttle.

"Neither our quoted rate nor NASA's reflect the real development costs, which stem from government subsidies in both cases, but we are competing with NASA for similar contracts," Mr. d'Allest

said. He added that he has called for negotiations with NASA to establish what he described as "more normal," meaning higher, prices for potential U.S. customers.

He said that he did not expect the action by Transpace to affect negotiations under way in the United States and elsewhere for services by Ariane, which last Tuesday night successfully completed its first commercial launch at Kourou, French Guiana. Arianespace, a French-dominated consortium of 36 European aerospace companies, 11 banks and the Centre National d'Etudes Spatiales, the French government space agency, has orders totaling 6.5 billion francs (\$728 million).

J.W. Marriott Jr., president and chief executive of Marriott, was said to be out of the country Friday, and R.A. Rankin Jr., a Marriott spokesman, declined comment on what he called "speculation."

Marriott Weighs Joining Bid for 49% of Disney

By Robert J. Cole
New York Times Service

NEW YORK — Marriott Corp., the big hotel chain, is considering joining an investor group headed by Saul P. Steinberg, the New York financier, to make a nearly \$900-million bid for a 49-percent interest in Walt Disney Productions, Wall Street sources disclosed.

In a filing with the Securities and Exchange Commission Friday, Mr. Steinberg had said that he might seek control of Disney because recent Disney actions ruled out his being "merely a passive investor" in the entertainment company.

The Wall Street sources said Friday that a formal announcement of the Steinberg group's plans was expected to come after the holiday weekend. On Monday, the United States observes Memorial Day.

Stockholders would be offered \$70 to \$73 a share, they said. Disney's shares, which stood at \$62.50 last Monday, jumped \$2.375 on the New York Stock Exchange Friday to end the day at \$67.75 — up more than \$5 for the week. More than a million shares changed hands Friday.

Mr. Steinberg's group already owns 4.2 million Disney shares, or 12.2 percent, meaning that the group would have to acquire only another 12.7 million shares to hold 49 percent. At \$70 a share, the 12.7 million shares would cost the group nearly \$900 million.

It was unclear Friday whether a 49-percent interest would be pursued as an end unto itself or as a first step to gaining control. Earlier in the week, the Federal Trade Commission gave Mr. Steinberg antitrust clearance to increase his stake in the company to 49.9 percent.

Since 1977, however, Disney has had a bylaw preventing a change in control of the board without the approval of 80 percent of the stock. Moreover, 80 percent of the stock is required to change the 80 percent rule.

Mr. Steinberg, who has not discussed his investment in Disney since he began buying into the company last March, again declined comment.

J.W. Marriott Jr., president and chief executive of Marriott, was said to be out of the country Friday, and R.A. Rankin Jr., a Marriott spokesman, declined comment on what he called "speculation."

But executives close to the situation said that Marriott's name was "on the list" of the group being formed for the takeover bid. The spokesman said that he was unable to say whether Marriott's name would still be on the list "when the group is finally formed."

Mr. Steinberg, listing a takeover bid as among several possible steps that he might take, told the SEC Friday that he had decided not to remain a passive investor in Disney any longer. He attributed the change to Disney's agreement to give the Bass brothers of Texas 2.65 million to 3.3 million shares of Disney stock in exchange for their controlling interest in Arvida Corp., a Florida real estate company.

The move, seen as a shrewd way to put a big block of Disney stock in friendly hands, was also opposed a week earlier by Roy E. Disney, a nephew of the late Walt Disney and the owner of nearly 5 percent of Disney stock.

In the report filed with the SEC, Mr. Steinberg maintained that the Arvida pact was not in the best interests of Disney or its shareholders. The purchase would raise Disney's debt by \$190 million.

3 Insurers Settle Manville Dispute

New York Times Service

NEW YORK — Manville Corp., which has been in reorganization proceedings for 21 months, said that three of its main insurers have agreed to pay it a total of \$315 million to settle coverage disputes regarding asbestos-related injury claims against the company.

Manville filed for protection from its creditors under Chapter 11 of the U.S. Bankruptcy Code in part because its insurers were not providing coverage for thousands of asbestos-related claims against the company.

Representatives of Manville, Travelers Indemnity, Home Insurance and a group of syndicates of Lloyd's of London said Friday that they had settled the claims, subject to approval by their governing bodies and judicial authority. Manville said talks are continuing on cases against two dozen other insurers.

Rumors on Continental Festered in Chicago Bar

By James L. Rowe Jr.
Washington Post Service

CHICAGO — For the futures industry, which lives on rumors, the Sign of the Trader is the rumor capital of the world.

Throughout the day, futures traders visit the bar and grill on the ground floor of the Chicago Board of Trade, seeking a respite from the frenetic trading pits above.

When the futures markets close in the early afternoon, the Sign of the Trader quickly fills with the high-rolling, often hard-drinking traders who swap tales and rumors for hours beneath the twin television screens that flash the Reuters news wire to all parts of the main barroom.

Reuters provides the gist for many of the rumors, but sometimes they spring from the traders' active imaginations.

President Ronald Reagan regularly has a heart attack on the Board of Trade grapevine. The Soviet Union was reported to have invaded Poland dozens of times in 1980 and 1981. President Anwar Sadat of Egypt had been assassinated so often that when he actually was murdered, the reports caused barely a ripple in the volatile financial-futures and commodities markets.

And sometimes the traders' tales provide material for Reuters.

If the rumors of Continental Illinois National Bank & Trust Co.'s financial problems did not begin at the Sign of the Trader, one industry official said, they circulated there for days, until the speculation among traders reached enough intensity that Reuters itself took note of it May 8. The news service issued a report that Continental was the target of bankruptcy rumors, accompanied by the bank's denial of the rumors.

Continental officials said it was that Reuters report that set off a chain reaction that ultimately led to the run that nearly sank the nation's eighth-biggest bank. The reports quickly reached Europe and Japan, where Continental raises 40 percent of its operating funds. By May 10, a full-scale run on Continental was under way as big depositors began to pull their money out. A week later, to avert a Continental failure, the government and other banks had to rescue the big Chicago institution.

Continental's gray granite eminence looms over the Chicago Board of Trade building just across Jackson Boulevard in Chicago's South La Salle Street financial district. Continental is banker to most of Chicago's futures industry, including the Chicago Board of

Trade and many of the traders that Continental officials feel are responsible for starting the rumors.

The Sign of the Trader also is the watering hole for Continental bankers. By 5 P.M., when many of the futures traders have had their fill of alcohol, their places are taken by bankers. The Sign of the Trader may have the longest happy hour in the financial markets. For example, traders who bought futures contracts in government securities would benefit if investors got jittery about banks and fled into the safer investments, such as short-term U.S. Treasury bills.

When the Continental rumors triggered the run, interest rates on all bank certificates of deposit rose while rates on Treasury bills fell as demand for government securities jumped markedly. The prices of debt issues and their interest rates move inversely.

Whether the rumors were "perpetrated by individuals with positions that would benefit from a run on Continental is always difficult to establish," said an important official at a Chicago trading firm. "But certainly those people did nothing to try to alleviate them."

"I heard it first off the Board of Trade floor," said one leading financial-futures trader. "I called my money-market desk in New York to see what they had heard. The first rumor was that a lot of Continental paper was being dumped into the secondary market."

Another New York money trader said that the first he heard about Continental's so-called imminent insolvency was on May 10, from a client who had \$4 million of Continental certificates of deposit. The trader said the client asked him to sell the Continental CDs — which, like almost all giant-sized bank certificates, can be bought and sold only when they mature. The trader said selling the first \$1 million was rela-

tively easy, but after that, was impossible. By then the rumors had jumped from Chicago to Tokyo to Europe.

The rumors may have started in Chicago, but Continental has been raising relatively small amounts of its deposits in the United States since 1982 — when the bank was left holding \$1 billion in bad energy loans it had bought from the failed Penn Square National Bank in Oklahoma City. Because of Continental's reduced presence in U.S. money markets, domestic markets did not react strongly to the rumors and the bank did not face serious financing problems until foreigners began to panic around May 10.

Several bank executives and analysts said that Continental might have avoided the financing crisis this month had it not relied so heavily on foreign deposits after its Penn Square debacle made raising money in the United States more expensive and more difficult.

"It's fine to fund your Eurodollar assets with Eurodollar deposits, but Continental's mistake was using Eurodollars to fund their domestic loans," said the chief financing officer of another major money-center bank. Eurodollars are dollars controlled by foreigners. The Eurodollar market is many times bigger than the domestic U.S. money market. It may also be even more prone to destabilizing rumors than U.S. markets.

"The Eurodollar market is one in which concerns can get out of hand swiftly and it's difficult to get them under control quickly," the financing officer said. "The senior officers of the bank are in the United States. If a goofy rumor starts about a bank with a very good name people say 'nonsense.' But if there's an underlying name problem, rumors snowball and are difficult to stop." When the senior U.S. bank officials and regulators are an ocean away, he said.

Market Closings

All U.S. stock and commodity markets will be closed Monday in observance of Memorial Day. Government offices and many businesses also will be closed. The weekly Treasury bill auction will be held on Tuesday.

CURRENCY RATES

Late interbank rates on May 25, excluding fees.
Official fixings for Amsterdam, Brussels, Milan, Paris, New York rates of 400 per EDT.

	\$	£	D.M.	F.F.	Y.	S.F.	Y.
Amsterdam	2.37	4.25	112.72	36.42	0.182	5.24	134.54
Brussels	35.25	76.91	30.38	16.78	3.98	34.17	28.94
Frankfurt	2.24	3.73	122.49	16.12	0.181	4.87	121.55
London	1.353	—	3.795	1.686	0.233	4.24	76.92
Milan	1.4850	2.775	69.80	20.91	—	56.44	74.90
Paris	1.224	2.222	6.252	1.685	0.181	5.00	57.45
New York	0.375	1.14	307.93	—	4.975	37.28	15.74
Porto	311.85	319.22	85.11	27.49	13.80	75.73	49.47
Tokyo	22.445	2.1048	82.545	26.765	0.1234	73.41	4.0478
Yen	0.82	0.5925	2.2242	4.3707	1.2867	2.5719	45.549
SDR	1.8449	4.2585	2.4414	4.7541	1.2835	3.2204	57.9103

	\$	£	D.M.	F.F.	Y.	S.F.	Y.
Australia	1.385	1.1255	—	—	0.0885	0.6702	1.2387
Canada	1.318	0.0651	—	—	0.0885	0.6702	1.2387
Denmark	1.318	0.0651	—	—	0.0885	0.6702	1.2387
France	1.318	0.0651	—	—	0.0885	0.6702	1.2387
Germany	1.318	0.0651	—	—	0.0885	0.6702	1.2387
Italy	1.318	0.0651	—	—	0.0885	0.6702	1.2387
Japan	1.318	0.0651	—	—	0.0885	0.6702	1.2387
Netherlands	1.318	0.0651	—	—	0.0885	0.6702	1.2387
Sweden	1.318	0.0651	—	—	0.0885	0.6702	1.2387
Switzerland	1.318	0.0651	—	—	0.0885	0.6702	1.2387

Source: Reuters. 1:2001 1/16%
1/16% Commercial bank (1) American needed to buy one pound (2) American needed to buy one dollar (3) 1/16% of 100 (4) 1/16% of 100 (5) 1/16% of 100 (6) 1/16% of 100 (7) 1/16% of 100 (8) 1/16% of 100 (9) 1/16% of 100 (10) 1/16% of 100 (11) 1/16% of 100 (12) 1/16% of 100 (13) 1/16% of 100 (14) 1/16% of 100 (15) 1/16% of 100 (16) 1/16% of 100 (17) 1/16% of 100 (18) 1/16% of 100 (19) 1/16% of 100 (20) 1/16% of 100 (21) 1/16% of 100 (22) 1/16% of 100 (23) 1/16% of 100 (24) 1/16% of 100 (25) 1/16% of 100 (26) 1/16% of 100 (27) 1/16% of 100 (28) 1/16% of 100 (29) 1/16% of 100 (30) 1/16% of 100 (31) 1/16% of 100 (32) 1/16% of 100 (33) 1/16% of 100 (34) 1/16% of 100 (35) 1/16% of 100 (36) 1/16% of 100 (37) 1/16% of 100 (38) 1/16% of 100 (39) 1/16% of 100 (40) 1/16% of 100 (41) 1/16% of 100 (42) 1/16% of 100 (43) 1/16% of 100 (44) 1/16% of 100 (45) 1/16% of 100 (46) 1/16% of 100 (47) 1/16% of 100 (48) 1/16% of 100 (49) 1/16% of 100 (50) 1/16% of 100 (51) 1/16% of 100 (52) 1/16% of 100 (53) 1/16% of 100 (54) 1/16% of 100 (55) 1/16% of 100 (56) 1/16% of 100 (57) 1/16% of 100 (58) 1/16% of 100 (59) 1/16% of 100 (60) 1/16% of 100 (61) 1/16% of 100 (62) 1/16% of 100 (63) 1/16% of 100 (64) 1/16% of 100 (65) 1/16% of 100 (66) 1/16% of 100 (67) 1/16% of 100 (68) 1/16% of 100 (69) 1/16% of 100 (70) 1/16% of 100 (71) 1/16% of 100 (72) 1/16% of 100 (73) 1/16% of 100 (74) 1/16% of 100 (75) 1/16% of 100 (76) 1/16% of 100 (77) 1/16% of 100 (78) 1/16% of 100 (79) 1/16% of 100 (80) 1/16% of 100 (81) 1/16% of 100 (82) 1/16% of 100 (83) 1/16% of 100 (84) 1/16% of 100 (85) 1/16% of 100 (86) 1/16% of 100 (87) 1/16% of 100 (88) 1/16% of 100 (89) 1/16% of 100 (90) 1/16% of 100 (91) 1/16% of 100 (92) 1/16% of 100 (93) 1/16% of 100 (94) 1/16% of 100 (95) 1/16% of 100 (96) 1/16% of 100 (97) 1/16% of 100 (98) 1/16% of 100 (99) 1/16% of 100 (100) 1/16% of 100 (101) 1/16% of 100 (102) 1/16% of 100 (103) 1/16% of 100 (104) 1/16% of 100 (105) 1/16% of 100 (106) 1/16% of 100 (107) 1/16% of 100 (108) 1/16% of 100 (109) 1/16% of 100 (110) 1/16% of 100 (111) 1/16% of 100 (112) 1/16% of 100 (113) 1/16% of 100 (114) 1/16% of 100 (115) 1/16% of 100 (116) 1/16% of 100 (117) 1/16% of 100 (118) 1/16% of 100 (119) 1/16% of 100 (120) 1/16% of 100 (121) 1/16% of 100 (122) 1/16% of 100 (123) 1/16% of 100 (124) 1/16% of 100 (125) 1/16% of 100 (126) 1/16% of 100 (127) 1/16% of 100 (128) 1/16% of 100 (129) 1/16% of 100 (130) 1/16% of 100 (131) 1/16% of 100 (132) 1/16% of 100 (133) 1/16% of 100 (134) 1/16% of 100 (135) 1/16% of 100 (136) 1/16% of 100 (137) 1/16% of 100 (138) 1/16% of 100 (139) 1/16% of 100 (140) 1/16% of 100 (141) 1/16% of 100 (142) 1/16% of 100 (143) 1/16% of 100 (144) 1/16% of 100 (145) 1/16% of 100 (146) 1/16% of 100 (147) 1/16% of 100 (148) 1/16% of 100 (149) 1/16% of 100 (150) 1/16% of 100 (151) 1/16% of 100 (152) 1/16% of 100 (153) 1/16% of 100 (154) 1/16% of 100 (155) 1/16% of 100 (156) 1/16% of 100 (157) 1/16% of 100 (158) 1/16% of 100 (159) 1/16% of 100 (160) 1/16% of 100 (161) 1/16% of 100 (162) 1/16% of 100 (163) 1/16% of 100 (164) 1/16% of 100 (165) 1/16% of 100 (166) 1/16% of 100 (167) 1/16% of 100 (168) 1/16% of 100 (169) 1/16% of 100 (170) 1/16% of 100 (171) 1/16% of 100 (172) 1/16% of 100 (173) 1/16% of 100 (174) 1/16% of 100 (175) 1/16% of 100 (176) 1/16% of 100 (177) 1/16% of 100 (178) 1/16% of 100 (179) 1/16% of 100 (18

NEW EUROBOND ISSUES

Issuer	Amount (millions)	Mat.	Coup. %	Price	Yield of offer	Price end week	Terms
FLOATING RATE NOTES							
Crédit Lyonnais	\$300	1996	1/4	100	99.63		Over mean of bid and offered rates for 6-month Eurodollars. Minimum coupon 5.00%. Callable at par in 1989. Redeemable at par after 1992. Commission 10%.
Kleinwort Benson	\$150	1996	1/4	100	99.62		Over mean of bid and offered rates for 6-month Eurodollars. Minimum coupon 5.00%. Callable at par on any interest payment date after 1985. \$50 million issued now and \$50 million reserved for one year later starting from Sept. 1984 to Sept. 1985. Commission 10%.
Samsung Semiconductor & Telecommunications	\$30	1994	1/4	100	—	—	Over 6-month Libor. Minimum coupon 5.00%. Redeemable at par after 1988, 1990, and 1992. Commission 10%.
Toyotsu Asia	\$100	1999	1/4	100	99.52		Over 6-month Libor. Minimum coupon 5.00%. Redeemable at par on any interest payment date in 1992, 1994, and 1996. Commission 10%.
FIXED-COUPON							
Caisse Nationale de Télécommunications	\$100	1991	13 1/4	100	97.63		Noncallable.
Export-Import Bank of Japan	\$75	1991	13 1/4	100	98.37		Noncallable.
Rockefeller Group Int'l Finance	\$100	1989	13 1/4	99 1/4	98.13		Callable at 101 1/4 after 1987 and at 100 1/4 after 1988.
World Bank	DM150	1989	8	100	8	—	Noncallable.
Hydro Quebec	C\$50	1991	14	100	14	98.17	Callable at 101 in 1989, at 101 in 1990, and at 100 1/4 in 1991.
European Community	ECU50	1991	11 1/4	100	11 1/4	100.38	Noncallable.
IBJ Finance	ECU40	1989	11 1/4	100	11 1/4	99.00	Callable at 101 1/4 in 1987 and at 101 in 1988.
Aegion	DFL100	1989	8 1/4	100	8 1/4	99.00	Noncallable.
EQUITY-LINKED							
Intec	\$50	1999	3	100	3	—	Callable at 103 in 1989. Convertible at a 5% premium.

Shiver Goes Through World Markets

(Continued from Page 7)

waves in the run-up to the re-election campaign of President Ronald Reagan.

The Eurobond market appears to be cushioned to withstand the current uncertainty. With worried money moving short-term, the cost of borrowing one-month dollars has remained virtually unchanged from two months ago at 10 1/2 percent (on an annual basis). Meanwhile, one-year funds, for example, have risen almost two percentage points, to 13 1/4 percent.

This means that dealers who traditionally fund their inventory of bond holdings with very short-term loans have seen their costs remain stable and therefore are under no pressure to unload their inventory of fixed-coupon bonds.

Dealers in floating-rate notes are similarly protected on their interest-rate mismatching. On the other hand, the FRN market is more vulnerable because the bulk of the issuers are banks. Prices on the FRNs of U.S. banks were off about 40 basis points (four-tenths of a percentage point).

The bulk of last week's volume of new dollar issues was in floaters and fared relatively well. Credit Lyonnais, which sold \$300 million of 12-year notes that can be redeemed at par after eight years,

benefited from being state-owned.

Kleinwort Benson, the British merchant bank, is not in the business of making medium-term loans and thus escapes turmoil. In addition, its \$150 million of 12-year notes are not subordinated capital notes, which means that British banks can hold this paper without having to set the amount off against their own capital as the Bank of England is requiring for banks holding subordinated notes of other banks.

Interest on both is set at a quarter-point over the mean of the bid-offered interbank rate. Including front-end commissions, the cost of funds to Credit Lyonnais is 24 basis points over Libor (assuming only an eight-year life) and Kleinwort's cost is 23 basis points.

Toyotsu, which offered \$100 million of 15-year notes that can be redeemed after eight, 10 or 12 years at par, paid 1/4-point over Libor. Its effective cost of funds to eight years totals 20 basis points.

Samung Semiconductor, a South Korean company, offered \$30 million of 10-year notes, but this was really a syndicated bank credit dressed up as a capital market transaction.

Despite the rise in interest rates last week, a \$100-million offering of 13 1/4 percent, five-year notes by

Rockefeller Group International Finance was well received. The notes were offered at a discount of 99 1/4.

If the name itself was not enough to instill confidence, the private corporation, which does not publish financial figures, got a triple-A rating for the notes by buying surety coverage from Aetna Casualty. The surety is an insurance policy that guarantees payment of interest and principal.

Including the front-end commissions of 1 1/2 percent, the Rockefeller paper was issued at an effective cost in the borrower of 13.87 percent — a thin 10 basis points over what comparably dated U.S. Treasury paper was selling for in New York.

Carrying a government guarantee, the Export-Import Bank of Japan was also selling relatively well. The seven-year paper was offered at par bearing a coupon of 13 1/4 percent and ended the week quoted at 98 1/4.

Trading less well was the \$100 million of seven-year notes from Caisse Nationale de Télécommunications, guaranteed by France. Offered at par bearing a coupon of 13 1/4 percent, the paper ended the week at 97 1/4.

In the Deutsche mark sector, a disagreement about what terms to offer the market led the Council of Europe Resettlement Fund to withdraw its proposed issue of 150 million DM. The World Bank, meanwhile, sold 150 million DM of five-year notes at par bearing a coupon of 8 percent.

Hydro Quebec offered 50 million Canadian dollars of seven-year notes at par bearing a coupon of 14 percent and ended the week quoted at 98 1/4.

In the ECU sector, the European Community offered 50 million units of seven-year notes and IBJ Finance 40 million units of five-year paper. Both were issued at par bearing coupons of 11 1/4 percent, but the worries about banks had the IBJ paper trading at a discount while the EC notes were quoted at a premium.

"After evaluating the situation objectively determined in relation to its dealings with the Ambrosiano group, the Institute (the Vatican bank) decided to make a voluntary contribution in order to facilitate a global solution... in a spirit of reciprocal conciliation and collaboration," the Vatican said.

"It is hoped that what has been agreed, with sacrifice, will also suffice to alleviate the relative consequences for all those who have been damaged by the collapse," it said.

Italian press commentators suggested that the Vatican's decision to pay its "voluntary contribution" was based on its anxiety to avoid being dragged into court by Ambrosiano creditors.

Record Low Fee for Danish Credit Is Test of Banks' Hunger

By Carl Gewirtz

International Herald Tribune

PARIS — The market for syndicated bank credits was in a state of suspension last week as participants waited anxiously to see the response to Denmark's request for a standby credit of \$1 billion. The replies are expected Tuesday.

The shocker is not the size or the 10-year term, but the proposed paper-thin cost. Lead manager Manufacturers Hanover Trust, which won the mandate in a heated competition with at least four other banks, has proposed that the Danes pay banks an annual fee of five basis points, 0.005 percent, a record low commitment fee and therefore considered a major test of how far banks are willing to go to attract quality business.

The terms, reliable sources report, are significantly lower than

those offered by the other major banks that had been bidding for the mandate and loan officers say they are waiting to see if Bank of America will accept.

SYNDICATED LOANS

ca, Morgan Guaranty, Chase Manhattan and Citibank join or boycott the operation.

The essential point is that it is a standby loan — that is, Denmark is not expected to ever draw on it. Denmark currently has \$1.6 billion of more expensive undrawn standby credits and it now aims to reduce the backup line, consolidate it and reduce its costs.

Banks are invited to underwrite \$50 million or \$30 million. They will earn a one-time front-end fee of five basis points on the amount they agree to underwrite and 15 or 12 basis points, respectively, on the

amount they are actually assigned. In theory, the fees, however low, look attractive for doing nothing. But loan officers argue that the underwriting would stand as a contingent liability marked against their lending limits to Denmark.

And at some point, they fear, it might stand in the way of their being able to do more lucrative Danish transactions.

In addition, the standby will only be drawn in an emergency and in that case, critics contend, Denmark would probably be obliged to pay more for money than the drawn-down terms provided for in this loan.

In present conditions, the drawn-down terms look generous. Interest would be set at 1/4 point over the London interbank offered rate if up to 25 percent of the amount were drawn in any one year or 1/2

point over Libor if more than this is used. Whether drawn or not, the annual facility fee is to be paid — which would add five basis points and raise the minimum drawing cost to 42 basis points over Libor and the maximum cost to 55 basis points.

"It's a real standby," the loan officer of one bank commented, "and the Danes have opted for the lowest possible insurance cost and not fussed about the borrowing costs. The charges to be paid are much higher than Denmark could negotiate today for a loan it intended to draw."

Further evidence of this is the fact that before the standby could be drawn Denmark must ask the managers to offer bids for the sale of three- or six-month note facility. Only managers are to bid on this operation. The absence of outsiders from the tender panel is taken as another sign that Denmark is not concerned about getting the lowest possible bid and therefore has no intention of ever using it.

If Denmark were to use this option, it would generate additional earnings for underwriters as Denmark has agreed to pay the banks a minimum of 10 basis points over Libor on such notes.

A further indication of how eager banks are to find quality business is the lengthening of maturities from the once standard five-to-seven-year range to 10 years. Iceland is currently in the market for \$75 million, offering a margin of 1/4 point over Libor for the first six years and 1/2 point over for the final four years.

The margins are low and the maturity long, bankers say, because Iceland is an infrequent borrower and is able to trade on its rarity value.

In Asia, the Korean Export-Import Bank is seeking \$300 million for eight years. The terms are slightly better than the 1/4-point margin over Libor paid by recent South Korean borrowers as set at 1/4 point over the mean of the bid-offered rate. Normally, there is a 1/16 point difference between the bid-offered rate, meaning a shaving of 1/16 point on the initial cost of this loan.

For the final six years, interest is set at 1/4 point over Libor. In addition, lenders have the option to price the loan at 15 basis points over the prime rate or 115 basis points over the adjusted rate for certificates of deposit. Previous "caps" on prime-based loans for Korean borrowers have been set at 125 basis points.

Bankers still expect Thailand to tap the market to refund more expensive outstanding loans with a new \$200-million, 10-year loan paying a low 1/4 point over Libor.

In the Middle East, Jordan is in the market for \$150 million, offering to pay 1/4 point over Libor for seven years and sweetened with a front-end fee of 1/2 percent.

In Eastern Europe, the World Bank-commercial banks cofinancing loan for National Bank of Hungary has been increased by \$35 million to \$385 million. The World Bank portion of this loan remains at \$35 million.

Fed Confirms That It Tightened Policy

Reuters

NEW YORK — The Federal Reserve Board has voted to tighten credit, minutes of its main policy-making unit confirmed last Friday. It had been earlier reported that the Fed had decided to tighten monetary policy, but release of details had to await publication of the

disseminated enough that yields on bank certificates of deposit fell about a quarter of a percentage point, reversing the increases that had occurred Thursday.

Meanwhile, municipal bond prices, which fell sharply enough to raise yields as much as half a percentage point during the week, traded at slightly lower prices Friday.

"The last week was one of the most disastrous of all time for the municipal market," said Dennis J. McDonnell, senior vice president at Van Kampen Merritt, a Naperville, Illinois, municipal securities firm. He especially cited "the prospect of increased supply."

Already about \$3.7 billion of tax-exempt issues are scheduled for sale in the next 30 days, and analysts said the supply should be even larger after Congress passes legislation clearing the way for sales of industrial-development revenue bonds and single-family mortgage revenue bonds.

Since last Monday, uncertainty about the interest-rate outlook and the desire of investors for safety have caused the rate for three-month Treasury bills to fall more than three-eighths of a percentage point, to 9.6 percent. At the same time, the yield on new 13.25 percent Treasury bonds due in 2014 rose to 13.7 percent, from 13.45 percent.

Since Monday, the price of the bellwether Treasury bond has fallen by 1 1/4 points, and is now about 2 1/2 points below the average set May 10, when the Treasury auctioned \$4.75 billion of the bonds. Most of those new bonds still remain in the hands of securities dealers.

U.S. CREDIT MARKETS

Federal Open Market Committee's minutes for its March 26-27 meeting.

At the meeting, the FOMC voted to lift the range for federal funds rates in 7 1/4 to 11 1/4 percent from 6 to 10 percent. Federal funds are overnight loans between commercial banks.

The FOMC's minutes also disclosed that it was setting an annual growth target for M-1, the narrowest measure of the U.S. money supply, of 6 1/2 percent. It set growth targets of 8 percent and 8 1/2 percent, respectively, for the broader M-2 and M-3 measures.

That is a tightening from the 7 percent for M-1 and 8 percent for M-2 and M-3 set at the FOMC's previous formal meeting, on Jan. 30-31.

Treasury-Bill Prices Slip

Michael Quint of The New York Times reported from New York:

In confused and erratic trading, rates for Treasury bills declined modestly Friday, while yields for Treasury notes and bonds were narrowly mixed.

Although investor demand for safe, highly liquid Treasury bills remained strong, concerns about the safety of the banking system

U.S. Consumer Rates

For Week Ending May 25

Passbook Savings	5.50 %
Time Deposits	10.25 %
Money Market Funds	9.51 %
Bank Money Market Accounts	9.32 %
Bank Rate Monitor Index	14.11 %

Krediet Index

(Base 100 May 1, 1977)

Industriële US & L.T.	100.00
US & L.T. medium term	100.00
US & L.T. short term	100.00
US & L.T. long term	100.00
US & L.T. very long term	100.00
US & L.T. floating rate	100.00
US & L.T. adjustable rate	100.00
US & L.T. variable rate	100.00
US & L.T. interest free	100.00
US & L.T. zero coupon	100.00
US & L.T. discount	100.00
US & L.T. premium	100.00
US & L.T. callable	100.00
US & L.T. convertible	100.00
US & L.T. exchangeable	100.00
US & L.T. subordinated	100.00
US & L.T. junior	100.00
US & L.T. senior	100.00
US & L.T. secured	100.00
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US & L.T. premium	100.00
US & L.T. callable	100.00
US & L.T. convertible	100.00</

International Bond Prices - Week of May 24

Provided by White Weld Securities, London, Tel.: 623-1277; a Division of Financière Credit Suisse-First Boston
Prices may vary according to market conditions and other factors.

FINLAND			
Ant	Securty	Yld	Par
100	100	100	100
FRANCE			
100	100	100	100
GERMANY			
100	100	100	100
HOLLAND			
100	100	100	100
IRELAND			
100	100	100	100
ITALY			
100	100	100	100
JAPAN			
100	100	100	100
LUXEMBOURG			
100	100	100	100
MEXICO			
100	100	100	100
NEW ZEALAND			
100	100	100	100
NORWAY			
100	100	100	100
PHILIPPINES			
100	100	100	100
SOUTH AFRICA			
100	100	100	100
SOUTH AMERICA			
100	100	100	100
SWEDEN			
100	100	100	100
SWITZERLAND			
100	100	100	100
UNITED KINGDOM			
100	100	100	100
UNITED STATES			
100	100	100	100

SPAIN			
Ant	Securty	Yld	Par
100	100	100	100
SWEDEN			
100	100	100	100
SWITZERLAND			
100	100	100	100
UNITED KINGDOM			
100	100	100	100
UNITED STATES			
100	100	100	100

NASDAQ National Market

NASDAQ National Market			
Ant	Securty	Yld	Par
100	100	100	100
SPAIN			
100	100	100	100
SWEDEN			
100	100	100	100
SWITZERLAND			
100	100	100	100
UNITED KINGDOM			
100	100	100	100
UNITED STATES			
100	100	100	100

CONVERTIBLE BONDS

CONVERTIBLE BONDS			
Ant	Securty	Yld	Par
100	100	100	100
EUROPE			
100	100	100	100
UNITED STATES			
100	100	100	100

HIGHEST CURRENT YIELDS

On convertibles having a conversion premium of less than 10%.

HIGHEST CURRENT YIELDS			
Ant	Securty	Yld	Par
100	100	100	100
EUROPE			
100	100	100	100
UNITED STATES			
100	100	100	100

Sales in 1990-1991	Net	Sales in 1990-1991
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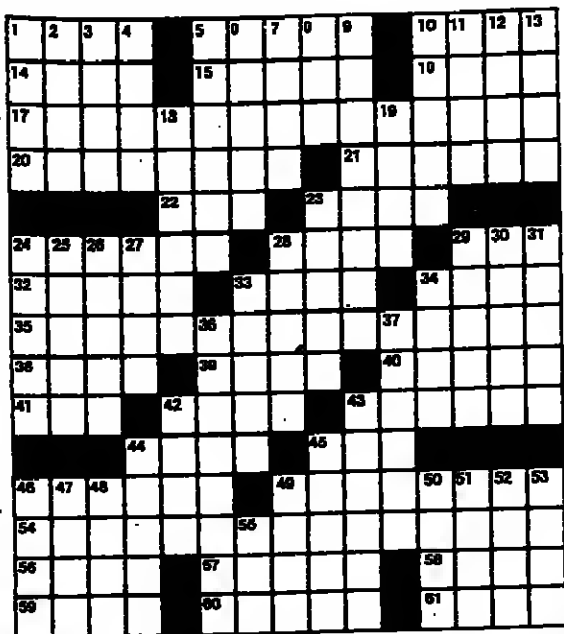
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ACROSS

1 Give off
5 Part of A.F.L.
10 Gossip, perhaps
14 Languish
15 Muse of poetry
16 Comic-strip tot
17 With 35 Across, old TV series
20 Signet
21 Bazaar
22 ———— place
23 Long and thin
24 Hireute
25 ———— julep
26 Bikini part
27 Spanish priest
32 Award-winning movie of 1958
34 Coal or coke
35 See 17 Across
38 Shrewd
39 Mackinaw
40 Tie score on a golf hole
41 They loop the loop
42 Weirs
43 Locking device
44 Headland
45 Mafia chief
46 Imitation gold
49 Certain mollusks

DOWN

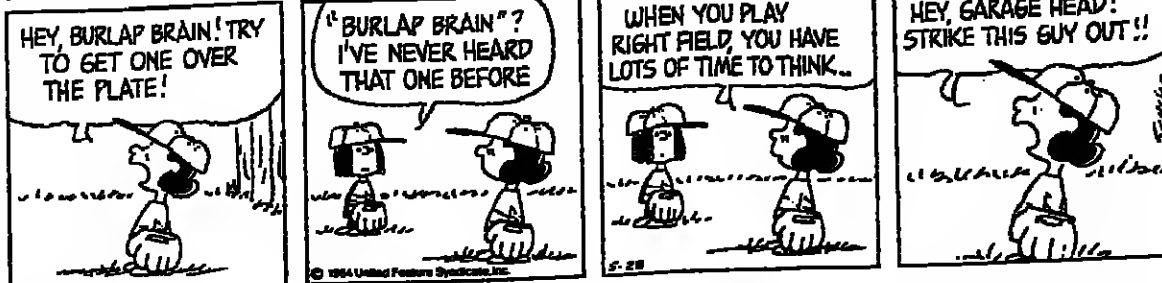
1 News
2 Indian Ocean
3 Brainstorm
4 Freshwater duck
5 Mirth
6 Cincinnati
7 Gardens
8 Slugger Mel
9 European country (one of three spellings)
10 Salesman
11 Corn cover
12 Lily plant
13 Clump of trees
18 Sugar-coated candy
19 Carry on
23 Feathery

54 Stars of 17 and 35 Across
56 Distant
57 ———— du jour
58 Verve
59 Trigger's meal
60 Mink's cousin
61 State bird of Hawaii

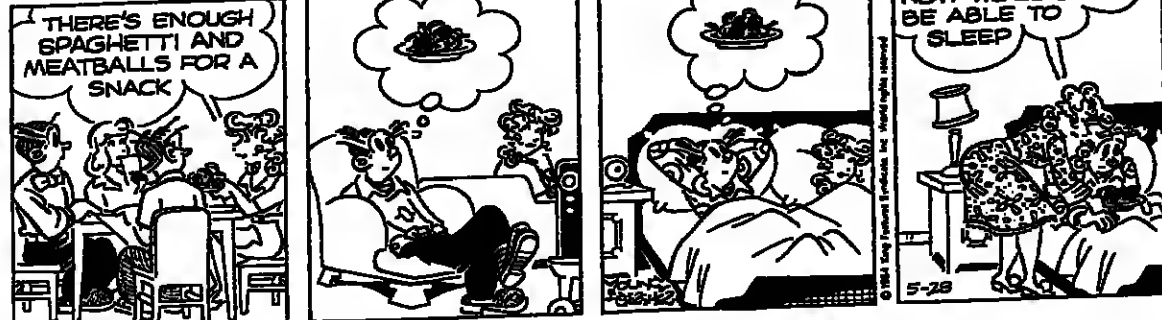
24 Radius of a wheel
25 TV oldie
26 Cutting tools
27 Beam
28 King of Phrygia
29 Erected
30 Canadian official
31 Revise
32 Aphorism
34 T.C.U. building
36 Mexican resort
37 Actress
38 Fleming
42 Valley
43 Discuss
44 Pine products
45 ———— Gabriel
46 Rossetti
47 Premlinger or Kruger
48 Ostrich's cousin
49 Soften
50 Dark red wine
51 Stir up
52 Comic King
53 "Auld Lang"
55 Used an ottoman

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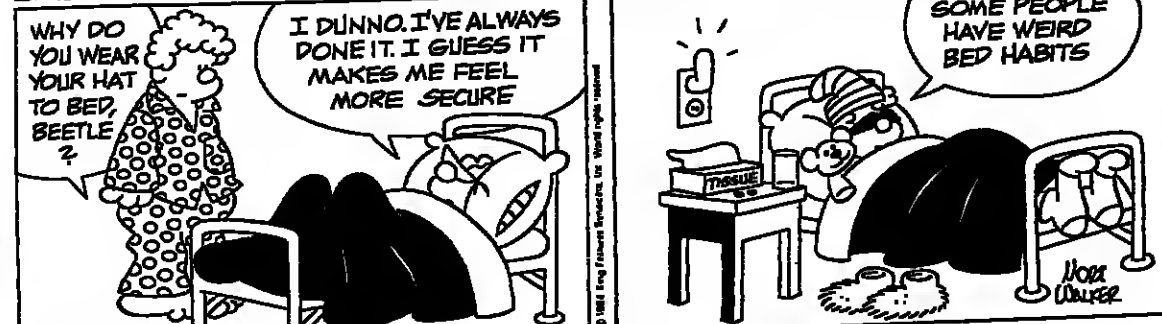
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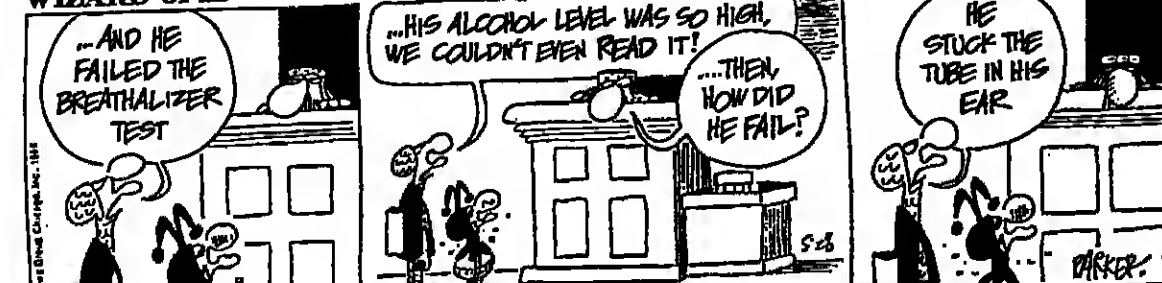
BEETLE BAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



DENNIS THE MENACE



JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

DYNAB

RETEX

NAKTIE

FALOTA

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: IT WAS AN "O" (Answer tomorrow)

Friday's Jumble: POKED DANDY NOBODY BIGAMY
Answer: What business was at the dynamite factory—BOOMING

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	25	15	Beijing	25	15
Athens	25	15	Bombay	25	15
Berlin	25	15	Buenos Aires	25	15
Bombay	25	15	Calcutta	25	15
Buenos Aires	25	15	Chennai	25	15
Calcutta	25	15	Colombo	25	15
Chennai	25	15	Dhaka	25	15
Colombo	25	15	Hankow	25	15
Dhaka	25	15	Hong Kong	25	15
Hankow	25	15	Kobe	25	15
Hong Kong	25	15	London	25	15
Kobe	25	15	Manila	25	15
London	25	15	Medan	25	15
Manila	25	15	Moscow	25	15
Medan	25	15	Nairobi	25	15
Moscow	25	15	Osaka	25	15
Nairobi	25	15	Paris	25	15
Osaka	25	15	Rangoon	25	15
Paris	25	15	Seoul	25	15
Rangoon	25	15	Singapore	25	15
Seoul	25	15	Taipei	25	15
Singapore	25	15	Tokyo	25	15
Taipei	25	15			
Tokyo	25	15			

Astros Win; Ryan Takes Strikeout Lead

Compiled by Our Staff From Dispatches

HOUSTON—Nolan Ryan pitched a five-hitter for his fifth straight victory and second shutout of the season, and posted Philadelphia's Steve Carlton for the all-time major-league strikeout lead as the Houston Astros defeated the Pittsburgh Pirates, 2-0.

Ryan (6-2) struck out nine and walked one. The strikeouts gave him 3,758 for his career, one ahead of Carlton.

"I wasn't aware that I had broken the record," said Ryan, "but that's something that will fluctuate through our careers, so I don't really pay that much attention to it."

Ryan has 81 strikeouts this season, compared with 48 for Carlton, who is scheduled to pitch Monday against San Francisco.

The shutout was the 54th of Ryan's career. He walked only one and has won nine straight decisions against Pittsburgh. He has also pitched 27

USFL Standings

USFL Standings

EASTERN CONFERENCE

	Athletic				
	W	L	T	Pct.	PF PA
Philadelphia	12	0	0	.923	303 135
New Jersey	10	0	0	.857	282 273
Pittsburgh	9	0	0	.750	251 232
Washington	4	10	0	.286	155 324

Southerns

Birmingham	11	2	0	.846	304 284
Tampa Bay	10	4	0	.714	284 273
New Orleans	8	5	0	.615	262 273
Memphis	6	0	0	.600	251 232
Jacksonville	4	10	0	.286	155 324

WESTERN CONFERENCE

	Central				
	W	L	T	Pct.	PF PA
Houston	9	5	0	.643	478 328
Michigan	7	6	0	.538	397 317
Indianapolis	6	6	0	.500	329 317
San Antonio	5	9	0	.357	222 270
Chicago	4	9	0	.300	271 291

Pacific

Denver	8	5	0	.571	290 322
Los Angeles	7	7	0	.500	253 288
Oakland	6	8	0	.429	248 272
Arizona	6	8	0	.429	248 272
Oakland	5	9	0	.357	197 279

Friday's Results

Houston 54, Jacksonville 7	
Memphis 31, Tampa Bay 21	
Denver 17, San Antonio 20	

Saturday's Results

Oakland 17, Oklahoma 14	
Los Angeles 34, Arizona 17	

out two-run single in the ninth to lift Cincinnati to a 7-6 victory over the Cubs. The runs, both unearned, came off Steve Trout (5-3) who pitched the ninth for Tim Lincecum. Bill Scherzer pitched 1½ relief innings to win his first decision.

Phillies 2, Padres 2

In Philadelphia, Len Matuszek capped a three-run first with a two-run double and Steve Lefebvre his three-run homer to lead the Phillies past San Diego, 7-2. Marty Bystrom (2-1) was the winning pitcher, and Mark Thurmond (3-3) the loser.

Expos 4, Giants 2

In Montreal, Gary Carter hit a two-run homer as the Expos beat San Francisco, 4-2. It was the first victory of the season for Bill Gulderson (1-4). Loner Bill Leskey gave up Carter's eighth homer of the season. Joel Youngblood and Bob Brenly hit homered for the Giants.

In Boston, George Brett drove in runs and keyed a five-run ninth inning with a three-run homer to Kansas City to an 11-7 victory over Red Sox and its fourth straight victory. Paul Spittler (1-2) won in relief, and Bob Stanley (1-4) was the loser.

Orioles 9, Angels 4

In Anaheim, California, Joe Lowenstein and Rick Dempsey two-run homers to pack Baltimore to a 9-4 triumph over California.

Yankees 8, A's 4

In Oakland, California, Ray Fenzel (1-4) pitched a six-hitner over innings as New York beat the A's, 8-4. The Yankees knocked out Larry Sonesen (1-7) with three runs in the fifth.

White Sox 5, Rangers 1

In Arlington, Texas, Ron Kittle two home runs and Vance Law add one to lead Chicago to a 5-1 triumph over Texas.

Friday's and Saturday's Major League Line Scores

FRIDAY'S RESULTS									
Team	W	L	T	Pct.	PF	PA			
Chadron	20	0	0	.900	288	268			
Chicago	19	0	0	.850	268	248			
Horne, Oakesdale	18	0	0	.818	248	228			
Idaho	17	0	0	.778	228	208			
Horne, Braden	16	0	0	.727	208	188			
Horne, 3-4-Nodes	15	0	0	.682	188	168			
St. Louis	14	0	0	.636	168	148			
Idaho	13	0	0	.591	148	128			
Idaho	12	0	0	.545	128	108			
Idaho	11	0	0	.500	108	88			
Idaho	10	0	0	.455	88	68			
Idaho	9	0	0	.409	68	48			
Idaho	8	0	0	.364	48	28			
Idaho	7	0	0	.318	28	8			
Idaho	6	0	0	.273	8	-12			
Idaho	5	0	0	.227	-12	-32			
Idaho	4	0	0	.182	-32	-52			
Idaho	3	0	0	.136	-52	-72			
Idaho	2	0	0	.091	-72	-92			
Idaho	1	0	0	.045	-92	-112			
Idaho	0	0	0	.000	-112	-132			
Idaho	0	0	0	.000	-132	-152			
Idaho	0	0	0	.000	-152	-172			
Idaho	0	0	0	.000	-172	-192			
Idaho	0	0	0	.000	-192	-212			
Idaho	0	0	0	.000	-212	-232			
Idaho	0	0	0	.000	-232	-252			
Idaho	0	0	0	.000	-252	-272			
Idaho	0	0	0	.000	-272	-292			
Idaho	0	0	0	.000	-292	-312			
Idaho	0	0	0	.000	-312	-332			
Idaho	0	0	0	.000	-332	-352			
Idaho	0	0	0	.000	-352	-372			
Idaho	0	0	0	.000	-372	-392			
Idaho	0	0	0	.000	-392	-412			
Idaho	0	0	0	.000	-412	-432			
Idaho	0	0	0	.000	-432	-452			
Idaho	0	0	0	.000	-452	-472			
Idaho	0	0	0	.000	-472	-492			
Idaho	0	0	0	.000	-492	-512			
Idaho	0	0	0	.000	-512	-532			
Idaho	0	0	0	.000	-532	-552			
Idaho	0	0	0	.000	-552	-572			
Idaho	0	0	0	.000	-572	-592			
Idaho	0	0	0	.000	-592	-612			
Idaho	0	0	0	.000	-612	-632			
Idaho	0	0	0	.000	-632	-652			
Idaho	0	0	0	.000	-652	-672			
Idaho	0	0	0	.000	-672	-692			
Idaho	0	0	0	.000	-692	-712			
Idaho	0	0	0	.000	-712	-732			
Idaho	0	0	0	.000	-732	-752			
Idaho	0	0	0	.000	-752	-772			
Idaho	0	0	0	.000	-772	-792			
Idaho	0	0	0	.000	-792	-812			
Idaho	0	0	0	.000	-812	-832			
Idaho	0	0	0	.000	-832	-852			
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Major League Standings

NATIONAL LEAGUE						
	EAST			WEST		
	W	L	Pct.	W	L	Pct.
Chicago	25	18	.577	21	21	.500
Washington	25	18	.577	21	21	.500
New York	22	21	.511	21	21	.500
Philadelphia	22	21	.511	21	21	.500
Los Angeles	21	25	.452	21	25	.452
San Francisco	14	24	.366	14	24	.366
AMERICAN LEAGUE						
	EAST			WEST		
	W	L	Pct.	W	L	Pct.
Detroit	26	7	.785	24	17	.588
Philadelphia	24	21	.529	24	21	.529
St. Louis	24	21	.529	24	21	.529
New York	19	19	.500	19	26	.423
San Francisco	16	24	.400	16	24	.400
MIDWEST						
Philadelphia	24	20	.545	24	20	.545
St. Louis	24	20	.545	24	20	.545
Chicago	21	25	.458	21	25	.458
Indianapolis	18	25	.417	18	25	.417
San Francisco	18	25	.417	18	25	.417

Rangers, Astros Make Trade

The Associated Press

ARLINGTON, Texas—The Texas Rangers traded infielder Mike Richardson to the Houston Astros for infielder-outfielder Alan Bannister Friday, Bannister, 25, reported to the Rangers, while Richardson, 25, was assigned to Tucson, the Astros' Triple-A farm team.

SPORTS

Lakers Beat Celtics, 115-109, In First Game of NBA Finals

Compiled by Our Staff From Dispatches
BOSTON — Kareem Abdul-Jabbar scored 23 of his 32 points in the first half as the Los Angeles Lakers handed the Boston Celtics their first home loss in 10 playoff games with a 115-109 decision Sunday in the opener of the National Basketball Association Championship Series.

Abdul-Jabbar hit 12 of 17 field goals. His 13 points in the first quarter helped Los Angeles build an 18-point lead eight minutes into the game.

Game two of the best-of-seven series will be held Thursday night at Boston Garden.

The Celtics, who are seeking an unprecedented 15th NBA title, had won their first nine postseason games at home, including the last seven by an average margin of nearly 17 points. But the Celtics never got closer than four points after the initial Los Angeles spur.

Larry Bird, averaging 27.5 in the playoffs, led Boston's leading scorers in each of the last 11 games, had only two field goals and 12 points midway through the third period, with Los Angeles ahead 83-64. But with Abdul-Jabbar and

Earvin (Magic) Johnson on the bench with four fouls apiece, Bird led a 24-9 run with eight points in the final 1:22 of the quarter, including a three-pointer that made it 92-88 at the buzzer.

The game was close throughout the fourth period but the Celtics were never able to catch up.

James Worthy added 20 points and Johnson 18 for the Lakers, while Kevin McHale led the Celtics with 25. Bird had 24 and Dennis Johnson 23.

The Lakers, ignoring the effects of a Friday night game and a five-hour plane flight Saturday, outscored the Celtics 25-6 in a seven-minute span to take a 28-10 lead with 3:59 left in the first quarter. Boston used nine straight points to cut the deficit to 56-48, but a three-point shot by Michael Cooper just before the buzzer left Los Angeles ahead 65-52 at halftime.

The Lakers gained the right to play the Celtics after defeating the Suns, 99-97, Friday in Phoenix. Los Angeles survived a feverish fourth-period Phoenix rally to win the Western Conference finals, 4-2.

Walter Davis scored 10 of his game-high 26 in the final period, to

bring the Suns from a 6-point deficit into a tie at 97 with 1 minute 19 seconds to play. Johnson then hit the decisive shot for the Lakers, a lay-up with 1:05 left.

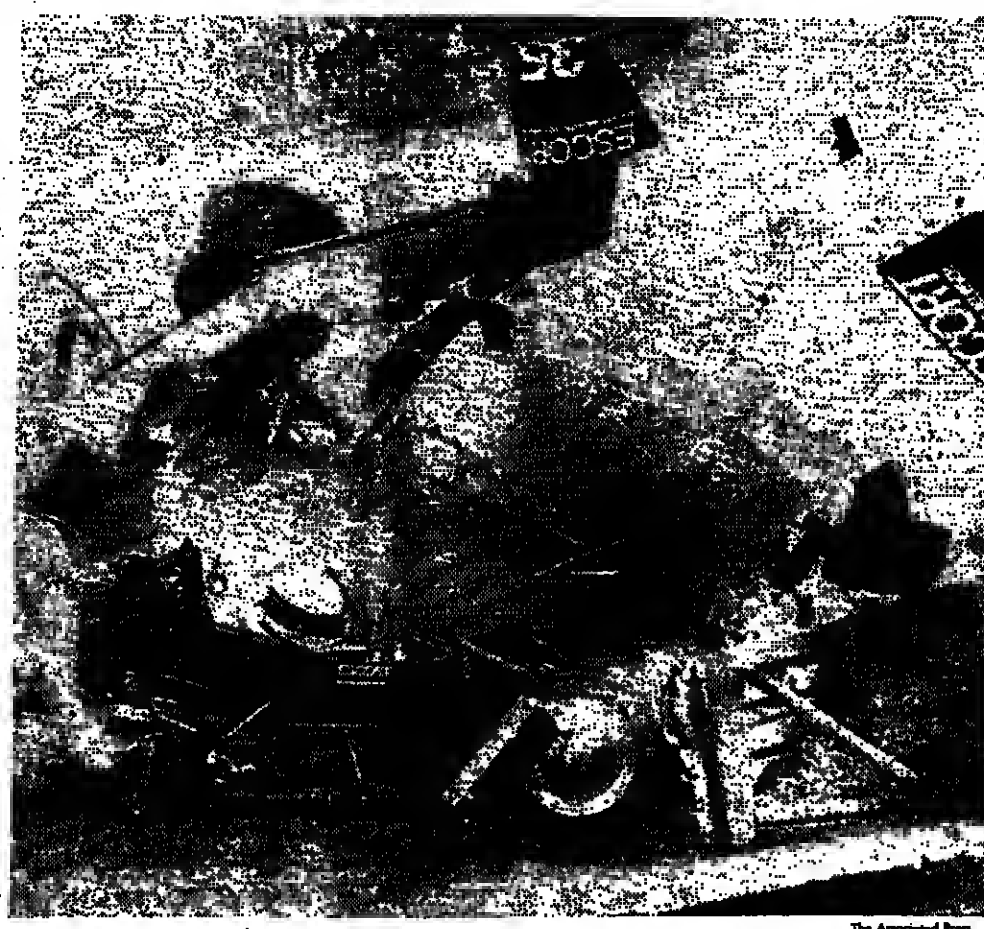
The Suns had a chance to tie in the final seconds. But the center, James Edwards, missed a 10-footer jumper in the lane with 3 seconds left and the Lakers rebounded.

The Lakers appeared to have control in the middle of the final period, when Johnson ended a long dry spell by both teams by scoring with a rebound on a Laker fast break to put his team ahead, 97-91, with 4:13 to play.

Then the Lakers went cold, missing four straight shots and committing a turnover, and the Suns came back to tie it when Davis hit from the left corner.

The Suns dominated the boards early on both ends of the floor — and by 15-4 on the offensive end — and led by as many as 11 twice in the second period before taking a 55-48 lead at intermission.

In the third quarter, the Lakers erased a 59-48 deficit, but Phoenix took a 78-77 lead into the last quarter. (AP, NYT)



Pat Bedford's car disintegrates after hitting the inside retaining wall at the Indianapolis 500.

Mears Easy Victor At Indianapolis 500

The Associated Press
INDIANAPOLIS — Rick Mears, taking a comfortable lead when defending champion Tom Sneva dropped out with 33 laps to go, coasted to victory in the Indianapolis 500-mile race Sunday.

Mears, the 1979 winner who finished second and third the past two years, broke the race record set by Mark Donohue in 1972, averaging 163.621 mph and covering the 500 miles in 3 hours, 3 minutes, 21 seconds. Donohue, who died in a crash during a Formula One event in 1975, averaged 162.962.

Mears inherited a lead of more than a minute when Sneva pulled into the pits with his car suffering a broken engine just after the green flag came out following the fifth and final caution period.

"We finally got the car close and I think we were picking up on Mears at the time," Sneva said. "And we were getting better fuel mileage than Mears. But you've got to run to the finish, and we just didn't quite get that job done."

"Tom Sneva was the toughest," Mears said. "If he hadn't had a problem, it could have been a helluva battle at the end."

His car flipped several times across the infield grass and landed upside down. Track safety workers had to turn the car over before working for more than five minutes to pry the unconscious Bedford from the wreckage.

He was taken to a downtown hospital, where he was in stable condition with a severe concussion and broken jaw.

Later in the race, two-time Indy winner Gordon Johncock suffered a broken left ankle in a crash coming out of the fourth turn.

The early part of the race was run without a caution flag to slow the pace until the 48th lap.

Mears took the lead from the outside of the front row at the start and led until he pitted on the 25th lap. Sneva took over and then gave up the lead to Mario Andretti. It was a battle for the top spot among those drivers until about the halfway point.

Mario Andretti retired with three-fourths of the race completed after banging with Jesse Garcia. Mears took the lead for good on lap 144. Mears said he was running laps averaging about 206 mph early in the race and a "comfortable" 202 at the end of the day.

The winner's Cosworth-powered March 84C race car crossed the finish line on the 20th and final lap — a full lap ahead of Roberto Guerrero of Colombia in second.

The unofficial results had Al Unser Sr. third, Al Holbert fourth, and Michael Andretti, the son of 1969 winner Mario Andretti, fifth. Fourth winner A.J. Foyt was sixth.

Pat Bedford was cruising along, slowed by an engine problem, when he suddenly spun off the track on lap 58 and slammed into the inside retaining wall. His Buick-powered March exploded into flames and flying debris.

Braves 8, Cardinals 4
 In Atlanta, Gerald Perry had three hits and scored three times and Dale Murphy hit his 10th home run as the Braves shelved St. Louis, 8-4. Len Barker (4-4) pitched 5½ innings to get the victory. Dave LaPointe (5-5) absorbed the loss.

Padres 7, Phillies 3
 In Philadelphia, Tony Gwynn got three hits and scored three runs to lead San Diego to a 7-3 decision over Philadelphia. Ed Whitson (4-3) was the winner and Charlie Hudson (5-2) took the loss. The Padres' Craig Nettles hit his fifth homer of the year in the ninth. (AP, UPI)

McEnroe, Connors Seek Elusive French Triumph
 PARIS — The French Open, first Grand Slam tennis tournament of the year, begins Monday with John McEnroe and Jimmy Connors chasing the first U.S. triumph here in a generation.

McEnroe, the Wimbledon champion, and Connors, the victor at the U.S. Open, have won just about everywhere in the world except in Paris.

McEnroe, in particular, looks a good bet to change that and celebrate the first U.S. success since Tony Trabert retained his crown in 1955. McEnroe has never shown such good form on clay — the surface at Roland Garros stadium where the open is played.

He emphasized that point on Sunday with a 6-3, 6-2 clay court victory over Ivan Lendl of Czechoslovakia in the final of the World Team Cup in Düsseldorf. It was McEnroe's 36th straight victory of the year.

(The United States won the Team Cup tournament, beating Czechoslovakia, 2-1.)

"It's not that I'm suddenly a clay court player. I'm better overall and that means I'm better on clay," McEnroe said in Düsseldorf.

Meanwhile, the champions for the past two years, Mats Wilander of Sweden and Yannick Noah of France, have been troubled by injury and struggled to find form.

And Noah faces a challenge to defend his title from such rising stars as Henrik Sundstrom of Sweden and Juan Aguilera of Spain. Both have scored outstanding victories this season on clay.

McEnroe is the top seed here, ahead of Lendl, Connors, Wilander, Jimmy Arias of the United States and Noah.

The women's singles, which begin Tuesday, offers Martina Navratilova, the Czechoslovak-born American, the chance of a sweep of grand slam titles — Wimbledon and the U.S., Australian and French Opens.

It also provides an opportunity for defending champion Chris Evert, a U.S. Open finalist, to win the title a sixth time and beat the record she shares with Margaret Court of Australia.

■ Rain Delays Italian Open
 The women's Italian Open Tennis Tournament was suspended again Sunday as Perugia with one quarter-final match still unfinished.

The Associated Press reported. Manuela Maleeva of Bulgaria was leading Virginia Ruzici of Romania, 7-6, 4-6, 3-0, when rain forced cancellation of the day's matches.

Evert, Lisa Bonder of the United States and Carling Bassett of Canada have reached the semifinals. All remaining matches, including the final, will be played Monday if the weather clears up; the tournament cannot be delayed another day because of the beginning of the French Open.

Tigers Lose, Fall One Win Short of a New Record Road Streak

Compiled by Our Staff From Dispatches
SEATTLE — The Detroit Tigers failed in their bid to set a major league record with 18 straight road victories, as the Mariners, behind home runs by Alvin Davis and Bob Kearney, posted a 7-3 triumph.

The loss also ended an eight-game winning streak for the Tigers, who had not lost on the road this season. They had to settle for a share of the big-league record of 17 consecutive road victories set by the 1916 New York Giants.

Detroit tied that mark with a 5-1 triumph in California Thursday night. The victory broke the American League mark of 16 set by the 1912 Washington Senators.

"I would have liked to have won the ballgame," said Tiger manager Sparky Anderson. "But we got the American League record."

Ed Vande Berg (4-2) halted the Tigers with relief help from Dave Beard and Paul Mirabella. Mil

Wilcox, who was hammered for nine hits and six runs in 4½ innings, suffered his first defeat in seven decisions in 1984. The loss also ended a nine-game winning streak over two seasons for Wilcox.

Royals 8, Red Sox 5
 In Boston, Darryl Motley drove in five runs with a bases-loaded triple and a home run, his second of the season, and Dan Quisenberry got his 12th save as Kansas City beat the Red Sox, 8-5. Motley put the Royals ahead in the third inning with a triple to right-center off

loser Bobby Ojeda (4-4). Rookie Bret Saberhagen (2-3), the winner, went five innings.

Blue Jays 5, Indians 1
 In Toronto, Dave Stieb (6-1) allowed three hits in eight innings and George Bell, who began the

game with a 345 average, belted a two-run triple to carry the Blue Jays past Cleveland, 5-1. The victory gave the Blue Jays their ninth win in their last 10 games.

Twins 7, Brewers 4
 In Minneapolis, Gary Gaetti hit a two-run double and Kent Hrbek drove in two runs to pace the Twins to a 7-4 triumph over Milwaukee. Minnesota got 14 hits and winner John Butcher (3-2) scattered nine over eight innings. Jaime Cocanover (3-5) took the loss.

Rangers 11, White Sox 0
 In Arlington, Texas, Charlie Hough (3-6) allowed three hits and Larry Parrish and Mickey Rivers drove in three runs each as Texas trounced Chicago, 11-0. Texas chased Tom Seaver (4-4) with seven runs in the third inning. In taking the loss, Seaver became the fifth pitcher in major-league history to strike out more than 3,300 batters.

A's 10, Yankees 7
 In Oakland, California, Dave Kingman hit a grand slam, his 14th home run of the season, to cap a six-run eighth inning and help the A's to a 10-7 triumph over New York. It was the first victory for Jackie Moore, who replaced Steve Boros as manager on Thursday.

Angels 10, Orioles 2
 In Anaheim, California, Juan Beniquez hit a two-run homer, his second, and two RBI singles, and Brian Downing hit a two-run homer, his eighth, off Mike Flanagan (3-4) to lead California to a 10-2 rout of Baltimore. Rookie Ron Romanick (6-3) gave up six hits.

Mets 2, Dodgers 1
 In the National League, in New York, Dwight Gooden tied Nolan Ryan's team record for rookies by striking out 14 batters in eight innings, and led the Mets to a 2-1 decision over Los Angeles. Gooden

(4-3) allowed just two hits before Pedro Guerrero led off the ninth with his third homer of the season.

Reds 3, Cubs 0
 In Chicago, Tom Hume (3-4) pitched five strong innings in his first start in five years and Brad Gudden rapped a two-run single during a three-run first inning to lead Cincinnati past the Cubs, 3-0. Chicago starter Dickie Noles (2-2) took the loss, which halted a six-game Cub winning streak.

Expos 3, Giants 2
 In Montreal, Tim Lincecum drove in two runs with a sacrifice fly and a groundout to lead the Expos past San Francisco, 3-2. Reliever Jeff Reardon (2-1), who worked the last 1½ innings, got the victory. Greg Minton (1-3) was charged with the loss. The Giants' Chili Davis hit his fourth homer of the year.

Pirates 6, Astros 2
 In Houston, John Tudor scat-

tered nine hits and Dale Berra drove in three runs to lead Pittsburgh to a 6-2 victory over the Astros. Tudor (3-2) pitched his third complete game. Mike Scott (2-3) took the loss.

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Meanwhile, the champions for the past two years, Mats Wilander of Sweden and Yannick Noah of France, have been troubled by injury and struggled to find form.

And Noah faces a challenge to defend his title from such rising stars as Henrik Sundstrom of Sweden and Juan Aguilera of Spain. Both have scored outstanding victories this season on clay.

McEnroe is the top seed here, ahead of Lendl, Connors, Wilander, Jimmy Arias of the United States and Noah.

The women's singles, which begin Tuesday, offers Martina Navratilova, the Czechoslovak-born American, the chance of a sweep of grand slam titles — Wimbledon and the U.S., Australian and French Opens.

It also provides an opportunity for defending champion Chris Evert, a U.S. Open finalist, to win the title a sixth time and beat the record she shares with Margaret Court of Australia.

■ Rain Delays Italian Open
 The women's Italian Open Tennis Tournament was suspended again Sunday as Perugia with one quarter-final match still unfinished.

The Associated Press reported. Manuela Maleeva of Bulgaria was leading Virginia Ruzici of Romania, 7-6, 4-6, 3-0, when rain forced cancellation of the day's matches.

Evert, Lisa Bonder of the United States and Carling Bassett of Canada have reached the semifinals. All remaining matches, including the final, will be played Monday if the weather clears up; the tournament cannot be delayed another day because of the beginning of the French Open.

SPORTS BRIEFS

Bubka Sets New Record in Pole Vault

BRATISLAVA, Czechoslovakia (AP) — Sergei Bubka of the Soviet Union set a world record in the pole vault with a height of 3.85 meters (19 feet, 2½ inches) at an international track meet Saturday night.

Bubka beat the previous record of 3.83 meters, set by Thierry Vigneron of France on Sept. 1, 1983, in Rome, and tied the world indoor best mark set by Vigneron at the European Championships in March in Goeteborg, Sweden.

NHL Maple Leafs Change Coaches

TORONTO (UPI) — Dan Maloney, who spent the last two seasons as assistant coach under Mike Nykoluk, has been named head coach of the Toronto Maple Leafs, the National Hockey League team announced Saturday.

The Leafs had not renewed Nykoluk's contract after the 1983-84 NHL season when the Leafs finished out of the Norris Division playoffs with one of the worst records in the team's history — 26 victories, 45 losses and nine ties.

As a Leaf assistant, Maloney, 33, gained a reputation as a hard-nosed leader. He was expected to bring a more uncompromising attitude to the Leafs' coaching job in contrast to Nykoluk who was described by club owner Harold Ballard as a "guy too nice to be a coach."

Soviet Woman Sets Shot Put Mark

MOSCOW (UPI) — Natalia Lisovskaya of the Soviet Union broke the women's world shot put record Sunday with a throw of 22.53 meters (73 feet, 11 inches), at a track and field meet at Sochi, a Black Sea resort, Tass reported.

Hana Shipilane of East Germany set the previous record of 22.45 meters at Potsdam, East Germany, on May 11, 1980.

Cubs Trade Buckner for Eckersley

CHICAGO (AP) — First baseman Bill Buckner, a former National League batting champion, was traded Friday by the Chicago Cubs to the Boston Red Sox for right-handed pitcher Dennis Eckersley, a former 20-game winner, and Mike Brumley, a minor league infielder-outfielder.

Buckner, 34, had asked to be traded after losing the first baseman's job to Leon Durham this spring. He had a .296 lifetime average going into this season, but he batted only 43 times this year. Eckersley, 29, had his best season, .20-8, in 1978. Last year he slipped to .13 but bounced back this year to win four of his last six starts for a 4-4 record.

"I'm happy and excited to be going to Boston," said Buckner. "It's a new league and a new park. You don't know how good you have it until you don't play."

Beck Leads Nicklaus by One Stroke

DUBLIN, Ohio (UPI) — Chip Beck, a non-winner in six years on the PGA Tour, shot a 4-under-par 68 Saturday for a 7-under-par 209 and a one-stroke lead over Jack Nicklaus after Saturday's third round of the Memorial Tournament.

Beck, following a 72 Friday, started the day at 3-under par, three strokes behind second-round leader Ben Crenshaw and two behind Nicklaus. Crenshaw followed up Friday's 70 with a 79 Saturday to fall out of contention at 217.

Nicklaus, who owns and designed the 7,116-yard Muirfield Village Golf Club course, had a 70/71 for a 210 total. Gary Koch (71/73) and Andy Bean (75/67) were next at 213. Tied at 214 were Gil Morgan (73/74) and Payne Stewart (75/72), two of the three first-round leaders. Bob Murphy, the other first-round leader, slipped to a 73/76 for a 216 total.

Beck received a break on the par-4 sixth hole when his approach shot struck a woman, who was sitting 15 yards beyond the green, on the head and bounced back to within 12 feet of the hole. Beck then birdied the hole and tossed the ball to the woman, who was not hurt.

For the Record

Finland upset Northern Ireland, 1-0, in Port, Finland, in a European Group 3 qualifying match for the 1986 World Cup soccer finals in Mexico. (UPI)

Terry Venables, the coach of manager of Queens Park Rangers of the English First Division soccer league, has been named to succeed Cesar Luis Menotti as coach of Spanish first division soccer club Barcelona. Venables, 41, was given a two-year contract. (UPI)

Dave King, 36, who directed the Canadian hockey team to fourth place in the Winter Olympics, has signed a contract to continue as coach and general manager of the Canadian Olympic hockey team through the 1988 Winter Games in Calgary. (AP)

Miss Oceana, a three-year-old daughter of Alydar, rallied to capture the Acorn Stakes by a neck over Life's Magic at Belmont Park Saturday. Life's Magic was second and Proud Clarioness was third. The Acorn Stakes, the Mother Goose and the Coaching Club American Oaks comprise the Triple Crown for three-year-old fillies. (AP)

Callejas Stops Stecca for Bantamweight Title

The Associated Press
GUAYNABO, Puerto Rico — Victor (Livi) Callejas of Puerto Rico captured the World Boxing Association super bantamweight crown here Saturday night, stopping champion Loris Stecca of Italy at 2:58 of the eighth round of a scheduled 15-round bout.

Meanwhile, Albert Davila and Jaime Garza, both of the United States, defended their World Boxing Council titles in a doubleheader Saturday night in Miami Beach, Florida.

Stecca was making his first defense of the title that he won from Leo Cruz on Feb. 22 in Milan when the referee stopped the fight in the 12th round.

Stecca had been the aggressor throughout the first seven rounds of the fight in Guaynabo, a suburb of San Juan, although neither fighter did much damage.

But late in the eighth round, Callejas unleashed a flurry of hooks that backed Stecca across the ring

and another series of hooks to drop the champion. Referee Larry Rozadilla of the United States stopped the fight with two seconds left in the round.

Callejas (21-1) said that Stecca, known for his technical skills, had surprised him with his punching power. "Stecca put up a good fight and he rocked me several times with his right," said Callejas, who was fighting in his hometown.

Stecca dropped to 35-1-1.

In Miami Beach, Davila, 29, retained his bantamweight title by knocking out Enrique Sanchez of the Dominican Republic in the 11th round. In the second fight, Garza defended his WBC super bantamweight title by knocking out Felipe Orozco of Colombia.

Sanchez, 26, took a commanding lead early, using his four-inch (10-centimeter) height advantage to hold off Davila. Davila (48-7-1) was staggered in the second. In the fifth, a cut opened on Davila's left eye when the fighters butted heads.

But a flash rainstorm in the sixth proved to be the turning point. The outdoor ring, despite being covered, was quickly soaked. Davila turned Sanchez into the rain and started peppering him.

Davila put Sanchez down just before the bell with a right hand in the 10th. The challenger came out wobbling in the 11th and Davila pummeled him; referee Carlos Padilla stopped the fight 31 seconds into the round.

Padilla said the conditions favored Davila because Sanchez was tired from throwing so many punches. "When the rain came down the boxer's gloves got soaked, and the punches had three times the effect because the gloves were like lead," Padilla said.

Orozco, 24, used his nine-inch reach advantage to keep Garza at bay for one round. But Garza softened up Orozco in the second round, buckling Orozco's knees with a solid shot late in the round.

In the third round, Garza, 24,

put Orozco on the ropes and knocked him down with a right hook to the chin. The challenger struggled to stand up, but referee Tony Perez counted Orozco out at 1:08.

Orozco, 24, had won all 19 of his professional fights before he met Garza, who is undefeated in 40 fights, 34 by knockouts.

■ Chon Stops Marquez
 Chon Chu-do, 20, of South Korea defended his International Boxing Federation junior bantamweight title Saturday with a TKO over challenger Felix Marquez, 26, of Puerto Rico at the end of the fifth round. United Press International reported.

Marquez (19-1-1) used his speed and combinations to earn points in the first three rounds of the fight in Wouju 55 miles (88 kilometers) southeast of Seoul. But Chon (17-3-1) came back in the 4th round, and battered Marquez in the 5th round. The challenger did not answer the bell for the 6th.

One Woman's Long Race Against Cycling's Pack

Betsy King Makes Her Point — She Finished 586-Kilometer, One-Day Race

By Samuel Abt
 International Herald Tribune

PARIS — Betsy King started the Bordeaux-Paris bicycle race two hours earlier than everyone else and finished dead last, more than an hour later than the winner. It was a great triumph and she promises to let no one forget it soon.

"I'm doing this to say, 'Hey man, we count too, women are important,'" King explained before the race Saturday. Covering 586 kilometers (350 miles), Bordeaux-Paris is believed to be the world's longest one-day bicycle race.

It is also France's oldest race, begun in 1891 and run this year for the 81st time. Never before has a woman entered.

"I look forward to this as much as you look forward to getting your wisdom teeth out," King said in Bordeaux, the wine center in southwestern France. "But it has to be done. A lot of people think women can't ride a race like this. So somebody's got to do it to show them that a woman won't die."

So King showed them. Although she was far behind the field when it reached the finish line in Fontenay-Sous-Bois, an eastern suburb of Paris, few of the thousands of spectators left before her arrival after the 17-hour grind. A wave of applause swept up the final hill with King as she followed a pace-setting motor bicycle, trying hard, and utterly failing, to conceal her satisfaction with the cries of "Bravo, Betsy."

"This is a chance to do something that hasn't been done and to help women and to thank the people who've been nice," King said in Bordeaux. At the finish, one of the first people she thanked was Gerard Labarthe, her trainer, her pace-setter on the motor bicycle and her way into the race.

The rules for most bicycle races do not specifically exclude women but classic professional races are rarely open to amateurs and there are no women professionals. Bordeaux-Paris is an exception, allowing licensed professionals and amateurs. That was the opening for King, a 32-year-old American who has been riding as an amateur for French clubs for three years but had never thought of entering a professional men's race.

The International Motor Sport Federation (FISF) approved the Fuengirola race for the 1984 season on the condition that the necessary work was carried out on the circuit to satisfy safety standards. It was to be the last event of the world championship season. A grand prix is planned for Fuengirola for Oct. 13, 1985.

The Spanish Grand Prix auto race, scheduled Oct. 21 for the streets of Fuengirola, has been canceled because there is not enough time to prepare the new circuit, the Spanish Automobile Federation said Saturday.

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"I am above all a woman but I am not above all a feminist," she said.

